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FINANCIAL CRITICAL FACTORS ANALYSIS

MIAMI VALLEY REGIONAL PLANNING COMMISSION

PREPARED FOR
ENVIRONMENTAL PROTECTION AGENCY

MARCH 1976

FINANCIAL CRITICAL FACTORS ANALYSIS

M 6

March, 1976

Miami Valley Regional Planning
Commission
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Approved by the Water Resources Committee
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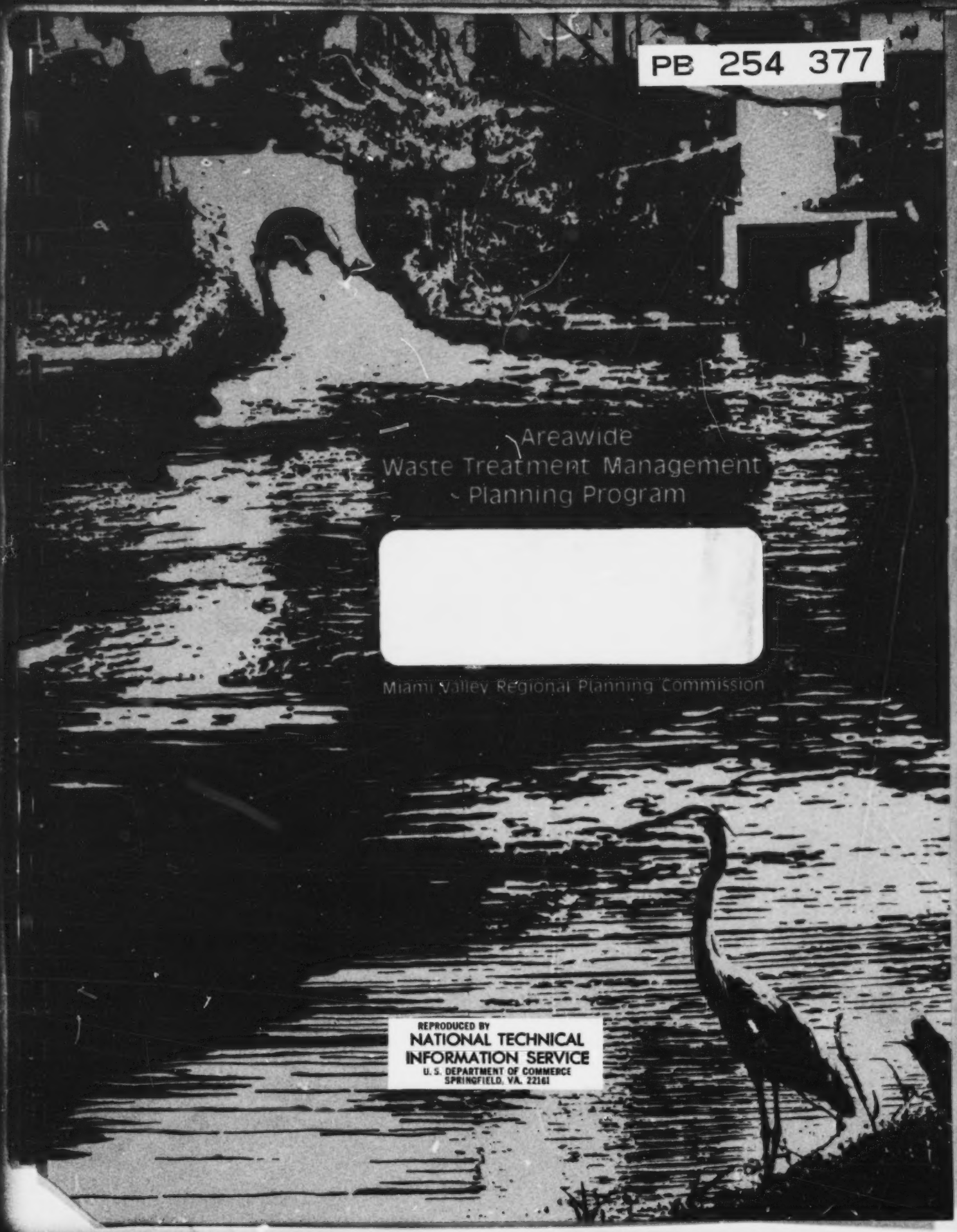

Areawide Waste Treatment Management Planning Program

Miami Valley Regional Planning Commission

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State constitutional and statutory methods available to various types of Ohio governmental units for the financing of waste treatment facilities are described. The circumstances necessary for financing through state agencies or with federal funds are identified. Ten local governmental financing experiences are related. The information is used in the development of alternatives for the financing of structural waste treatment facilities in the Section 208 (PL 92-500) areawide waste treatment management plan.

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PREFACE

This report, Financial Critical Factors Analysis, is one of a series of eight reports which together provide background information necessary for the development of the management component of the Section 208 Areawide Water Quality Management plan and program being developed by the Miami Valley Regional Planning Commission (MVRPC).

In June, 1974, the MVRPC received a two year grant from the United States Environmental Protection Agency (USEPA) for the purpose of preparing an areawide water quality management plan for the five county region - Darke, Greene, Miami, Montgomery and Preble Counties - as specified under Section 208 of the Federal Water Pollution Control Act Amendments of 1972. In February, 1975, the MVRPC retained the services of Linton and Company, Incorporated, to assist in the development of the management component of that plan. Since that time, the respective staffs have worked to develop an informational background needed to determine the management alternatives which will fit the technical alternatives selected toward solutions of present and potential water quality problems.

The reader will find that one report may reference one or more reports in this series. Because each report is quite detailed, it was felt that referencing another report in the text rather than recapitulating its contents was the wisest course. The other seven reports in this series are:

A Review of Federal Programs Impacting Regional Water Quality Management

Experience and Potential for Regional Water Quality Management

Legal Critical Factors Analysis

A Review of Local Agencies Impacting Regional Water Quality Management

A Review of Regional Agencies Impacting Regional Water Quality Management

A Review of State Agencies Impacting Regional Water Quality Management

A Review of Critical Factors Impacting Regional Water Quality Management

INTRODUCTION

The institutional management component of the areawide wastewater treatment management plan must delineate the requirements necessary to implement each potential solution to specific water quality management problems. This must be done, first to test their implementability; and, second, to evaluate their impact on jurisdictions within the region in fiscal and institutional, as well as socio-economic, terms. One step which must be completed before the institutional requirements can be defined is the description of factors affecting financing of both structural and non-structural programs which potentially will be undertaken by units of local government and/or special purpose districts in the Miami Valley region. This review is only the beginning point for the detailed analysis necessary in the later Phase III of this 208 study.

Once the estimated cost of proposed technical solutions has been derived, the capability of state and local government to finance their share must be determined. The financing arrangements will occur within existing or potential institutional arrangements and will be dependent on the type of technical solution proposed. For example, the costs incurred and financial assistance available for land application sites can be significantly different than for treatment facilities. Also, differences in the tax base affect the capacity and capability of financing in an unincorporated area of a county as opposed to financing within the jurisdiction of an incorporated city.

In addition, the areawide 208 plan will require analyzing the feasibility of programs which do not involve capital investment; but, rather, involve the institutionalization of a regulatory, monitoring or planning responsibility for an agency(ies). In addition to testing these non-structural solutions for implementability, they will also have to be evaluated in terms of costs. Decisions based on the analysis of the costs of structural versus non-structural solutions will affect the region's choice of water quality management tools. This analysis will most likely reveal that the costs of each type of solution affect the consumer in different ways. In other words, the least cost alternative which is at the same time cost effective may be different for different people. From the federal vantage point, the least cost alternative may be the one not requiring an outlay of 75 percent of the construction cost. Assuming a non-structural solution is

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implementable, a program whose entire cost may have to be paid for out of local revenues may, in the long run, be more expensive. This may be true even though the cost of a structural solution includes operation and maintenance costs paid for out of rates charged to users. The reason for this, as other studies have noted, is that

> ...poor management and inadequate maintenance are characteristic of projects that have been financed with federal grants. It is cheaper for a community to build a system with excess capacity and to provide minimum maintenance, than to construct an optimized system and follow up with adequate maintenance.[1]

These issues, as well as others, must be examined within the next stages of the management program, particularly during the formulation and evaluation of feasible alternatives for implementation of the 208 plan. The purpose of this review is to provide a background for that effort.

It must be noted at this point that this report focuses primarily on financing structural solutions. The costs of implementing non-structural solutions, such as land use alternatives, are often more political than financial; and, as such, it is not appropriate to discuss them here. Non-structural programs, such as sediment control regulations and structural programs related to the activities of the Soil and Water Conservation Districts (SWCD's), have been discussed in another report, A Review of State Agencies Impacting Regional Water Quality Management.

Other non-structural programs implementing, for example, monitoring, enforcement, regulatory, or planning activities will be discussed in institutional and financial terms in Phase III.

This report includes a discussion of the characteristics of the financing system available to local governments in the five-county Miami Valley region. These characteristics

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[1]United States Environmental Protection Agency, Assessment of Alternative Financing Methods for Solid Waste Facilities and Equipment, (Washington, D.C., 1975), p. 157.

are the state statutes and constitutional articles which define the financing system and affect the borrowing capacity and capability of the public sector. Factors affecting the relative borrowing costs of different types of debt instruments are discussed as are municipal and government bond ratings which provide an indicator of borrowing costs and of the financing ability of the public sector agencies.

This report also discusses state and federal programs which can be and are being used by units of local government and special purpose districts to ease the financial burdens of structural solutions to water quality management. In the case of federal programs, their impact on Ohio and the region will be covered.

Prior to presenting conclusions based on the analysis of these factors, actual local experience with the financing methods and various types of assistance is discussed.

I. STATE AND LOCAL FINANCIAL ISSUES

Chart I, Financial Critical Factors Overview, illustrates the factors which must be considered in a program requiring the construction of public works. It notes the levels of government competing for funds required to provide the services demanded and does so within the constaints caused by state and local factors. Other constraining factors relate to the effect of the economy on the market and potential purchasers of financing instruments. The methods of financing illustrated on the chart represent debt financing (i.e., revenue, general obligation, and special assessments); charges and fees which are allocated to the operation and maintenance of as well as to the debt service required to amortize the capital investment debt; and state and federal government assistance. Not all the methods of financing depicted on the chart are available to all the units of government. Distinctions will be made in the textual descriptions. In the case of Ohio, outside assistance consists of, in addition to Federal grants, state programs under Ohio Water Development Authority (OWDA). OWDA acts as a financial intermediary for units of local government, facilitating the marketing and repayment of such debts at lower costs to communities and, in turn, Ohio citizens.

The State of Ohio, through its constitution and statutes enacted by the Ohio General Assembly, limits the amount and kind of debt which units of local government and state agencies can incur. Allowable debt is established as a percentage of assessed valuation; and the types of debt which are exempt from this constraint, in the case of statutory debt limits, are defined. In the case of constitutional debt limits, the major limit is that referred to as "ten-mill limit", which limits unvoted tax levies to ten-mills, or one percent of total assessed value. Authority for additional debt financing must be submitted to the voters.

With regard to users' fees, state statutes define the basis for establishing fees, and as a result, may affect the manner and extent to which existing and potential management agencies meet the pricing requirements of the Federal Water Pollution Control Act Amendments of 1972. The analysis of relevant state statutes for each type of management agency is contained in the Legal Critical Factors Analysis report.

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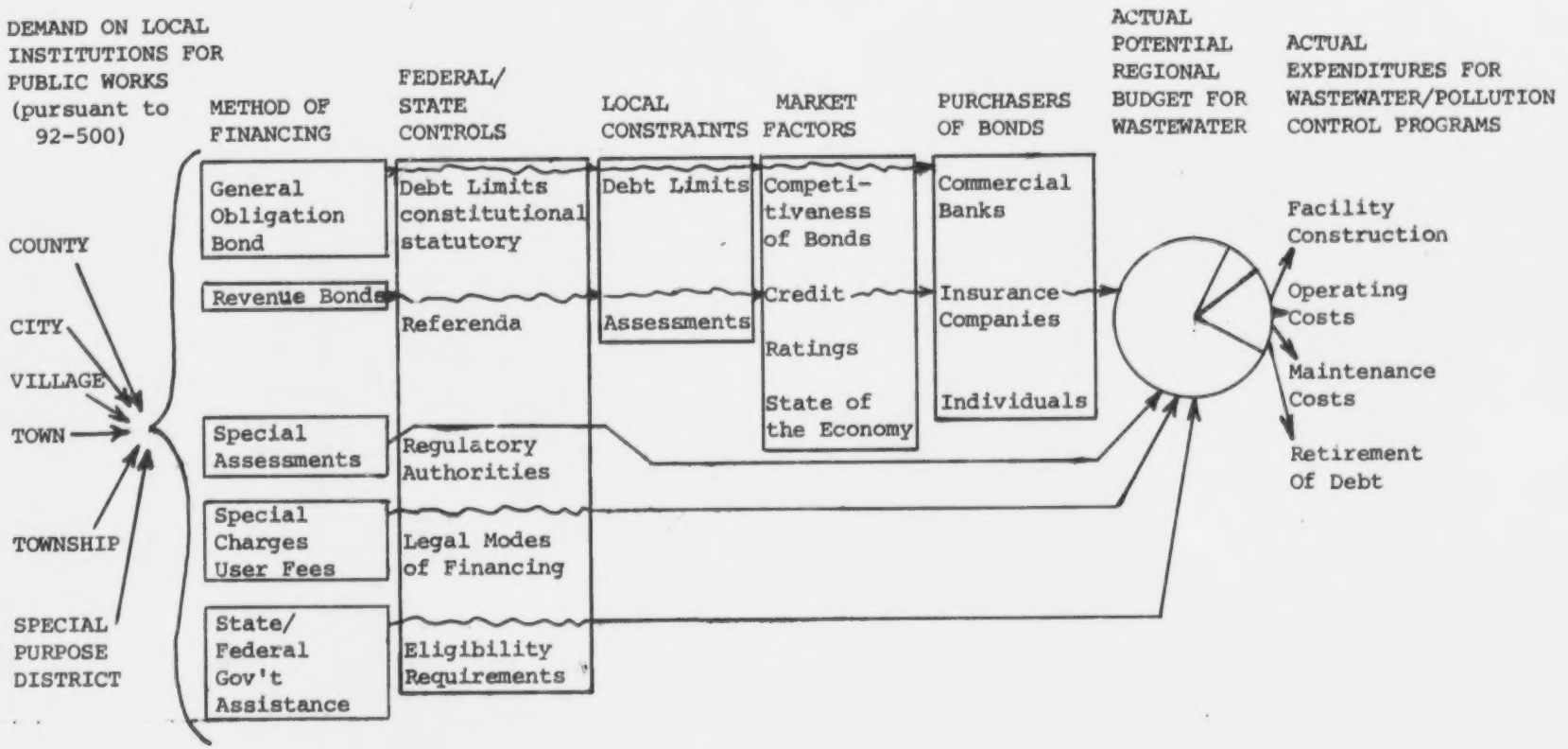
Chart I

FINANCIAL CRITICAL FACTORS OVERVIEW



Finally, with regard to providing state and federal assistance, there are those constraints imposed by the manner in which grant funds are made available, first to the states, and secondly to units of local government within the states. State assistance, and in particular the assistance offered through the OWDA, presents a much-used source of financing for local government; but policies enacted in late 1974 which require applicants to have a revenue base from an existing sewer system may affect the extent to which small communities are able to use this source of assistance. This, in turn, may have an impact on necessary financial arrangements and, ultimately, on institutional arrangements.

Locally mandated controls also affect the manner in which facilities and other services can be financed. Charter cities can establish taxation rate limits in excess of those imposed by the state. For example, the City of Dayton has fixed the rate it can levy against general property without a vote of the people, to ten-mills.

Market factors, such as the ease with which debt can be marketed and at what cost to the unit of local government and/or to the state, depends on credit ratings of the issuer and on the state of the economy and prevailing fiscal and monetary policy. These factors affect money supply and demand for funds by local government, the federal government, and the private sector. Other events, such as New York's financial situation, are affecting a majority of government agencies both in higher interest rates as well as in higher costs incurred to provide the types of information prospective purchasers and the federal government are likely to require before municipal and government bonds can be marketed and sold.

Current Year Waste Treatment Cost

To put the following discussion in context, it is useful to illustrate the existing and proposed burden presented by required expenditures for water-quality-related facilities. The extent to which this can be done is limited because a list of all wastewater treatment grants (by area of state) is not available, although the Ohio Environmental Protection Agency (OEPA) is currently compiling such a list.

The Municipal Projects list for Fiscal Year 1976 published by OEPA for Step 1 and Steps 2 and 3 Section 201 grants indicates that, in Fiscal Year (FY) 1976,

Table I

MUNICIPAL PROJECTS LIST FOR FISCAL YEAR 1976
STEP 1 FACILITIES PLANNING AREAS

SEQ NO.	GRANT NO.	FPA NAME/PROJECT NAME	FUNDING DATE	STEP COST	GRANT AMOUNT
2	C390881010	DAYTON	1/76	$570,000	$427,500
15	C391085010	MONTGOMERY COUNTY WESTERN REGIONAL	12/75	190,000	142,500
42	C391153010	PIQUA	11/75	113,000	84,750
43	C391180010	TROY	1/76	30,000	15,000
44	C391174010	FAIRBORN	6/76	75,000	56,250
45	C391195010	MONTGOMERY COUNTY EASTERN REGIONAL	4/76	150,000	112,500
57	C391210010	GRATIS	3/76	15,000	11,250
61	C291904010	ENGLEWOOD-UNION		75,000	56,250
63	C391185010	LAURA	5/76	25,000	18,750
84	C391239010	VERSAILLES	5/76	30,000	22,500
90	C391199010	XENIA	3/76	75,000	56,250
95	C390979010	UNION CITY	5/76	10,000	7,500
		TOTAL-STEP 1		$1,348,000	$1,011,000

Source: Memorandum from Ned E. Williams to Mayors, County Commissioners, Consulting Engineers and Interested Citizens, "Fiscal Year 1976 Municipal Project Priority Lists for Federal Grants for Construction of Wastewater Treatment Works," November 5, 1975.

Table II

MUNICIPAL PROJECTS LIST FOR FISCAL YEAR 1976
STEP 3 AND STEP 3 PROJECTS

(1) SEQ NO.	(2) GRANT NO.	(3) PROJECT NAME	(4) STEP	(5) TYPE	(6) FUNDING DATE	(7) STEP COST	(8) TOTAL PROJECT COST	(9) GRANT AMOUNT
2	C391224010	DAYTON	3	INT	3/76	400,000	400,000	300,000
3	C390814010	MIAMISBURG-SYCAMORE CREEK	3	INT	6/76	1,280,000	1,280,000	960,000
11	C390854010	DAYTON STP	2	STP	1/76	780,000	780,000	585,000
26	C390915010	MIAMI CONSERVANCY DIST. TWIN CREEK INTERCEPTOR WEST	3	INT	12/75	2,190,000	2,190,000	1,642,500
27	C390699010	MIAMI CONSERVANCY DIST. NORTH REGIONAL	2	STP	2/76	980,500	9,559,000	735,375
28	C391086010	NEW LEBANON	3	STP	5/76	1,000,000	1,000,000	750,000
41	C391010010	EATON	2	STP	3/76	220,000	2,160,000	165,000
64	391007020	GREATER GREENE CO. LITTLE MIAMI S.D. SUGARCREEK AREA	2	STP	11/76	1,000,000	10,000,000	750,000
79	C390783020	ELDORADO	3	STP	3/76	875,000	875,000	656,250
87	C391009010	XENIA WILBERFORCE INTERCEPTOR	3	INT	4/76	1,620,000	1,620,000	1,215,000
125	C391063010	XENIA JASPER ROAD INTERCEPTOR	3	INT	2/76	523,000	523,000	392,250
136	C391153020	PIQUA STP	3	STP	3/76	5,500,000	5,500,000	4,125,000
143	C391153030	PIQUA	3	INT	4/76	3,660,000	3,660,000	2,745,000
146	C390713010	NEW MADISON	2	STP	5/76	190,000	1,850,000	142,500
		TOTAL-STEPS 2&3				$20,218,500	$90,617,000	$15,163,875

Source: Memorandum from Ned E. Williams to Mayors, County Commissioners, Consulting Engineers and Interested Citizens, "Fiscal Year 1976 Municipal Project Priority Lists for Federal Grants for Construction Wastewater Treatment Works," November 5, 1975.

Ohio's allocation of federal 201 grants for construction of wastewater treatment works is approximately $497.2 million. Tables I and II on the previous pages indicate those projects in the five county region which are within fundable range.

The 25 percent local contribution for the Step 1 projects listed in Table I amounts to $337,000; and for the Steps 2 and 3 projects listed in Table II, $5,054,625. If the local share of total project costs (Column 8 in Table II) is also computed, the necessary contribution by local governments and the Miami Conservancy District amounts to $22,654,250.

Although these figures represent only a small portion the region has incurred for wastewater treatment and related capital investments, they do represent the wastewater treatment costs which will have to be financed by local communities within the region in the near future. The factors affecting the manner in which these expenditures will be financed will be discussed in the following section.

II. METHODS OF FINANCING PUBLIC IMPROVEMENTS

This emphasis is on the financing practices and capabilities of units of local government--in particular, municipal corporations and counties and special purpose districts such as conservancy districts. These political subdivisions comprise a set of agencies which are likely to play major roles in any 208 plan formulated for the Miami Valley region.

The primary focus of this review is to identify and assess, where possible, the existing arrangements which are pertinent to financing the construction (and related activities) of wastewater treatment facilities. As such, the discussion which follows concerns methods of financing such improvements, and includes the identification of state and local constraints on such methods.

Briefly, there are three major avenues units of local government may use to provide capital improvements. The first is debt financing; the second, use of current revenues or the "pay-as-you-go" method; and the third, contracting with someone else to finance the facility while maintaining the responsibility to levy charges for use of that facility, and for repayment of the loan under which the facility was constructed.

The rationale for choosing the first method, municipal borrowing, is really two-fold. First, this method allows the community to spread the usually large costs over a long period of time. Secondly, it is usually thought that those who receive the benefit of a facility should help pay for it, and as a result, including payment necessary to amortize a facility cost in the rate structure allows a community to realize this objective.

The second method may be chosen if the capital costs of a project are not great, and the costs and other requirements involved in borrowing make that an unattractive alternative.[2]

The third alternative, that of letting someone else finance the project along with a contractual arrangement for the collection of charges is exemplified by the

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[2] Ibid., pp. 54-55.

widespread use of OWDA and by various contractual arrangements entered into by several units of government in the region. This alternative would also ensure that those using the facility would participate in paying for that facility.

The first alternative, debt financing, and to a lesser extent, the third alternative, contract financing, will be discussed next. In addition, the sources of revenues used to pay off each type of obligation will be dealt with. These revenues include property taxes, special assessments and water and sewer rates.

There are essentially three types of debt instruments used by units of local government to finance capital improvements - general obligation bonding, revenue bonding and special assessment bonding. Of these, special purpose districts have essentially two types of debt instruments which they are authorized to use: revenue bonding and special assessment bonding. In general,

1. General Obligation Bonds "...are secured by the issuer's pledge of its full faith and credit and taxing powers for the payment of the bond".

2. Revenue Bonds "...are payable from revenues derived from tolls, charges or rents paid by those who use the facilities constructed with the proceeds from the bonds..."

3. Special Assessment Bonds are payable "...only from assessment against those who benefit from the facilities constructed with the proceeds from the sale of the bonds..."[3]

Such clear distinctions between types of bonds are not always as straightforward as these definitions would make it appear. For example, in Ohio there are also self-supporting general obligation bonds payable from revenues derived from particular facilities such as

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[3]Lennox L. Moak, Administration of Local Government Debt, Municipal Finance Officers Association of the United States and Canada, (Chicago 1970), p. 50.

wastewater treatment plants and related improvements. Although these revenues are pledged against the payment of the bonds, the bonds are also backed by the full faith and credit of the issuer.

The following section deals with general obligation bonding, beginning with limitations applicable to debt and taxing powers which affect the debt capacity of units of local government.

Before proceeding, it should be noted that a factor affecting the majority of all types of bonds issued by units of local government, counties, and special purpose districts is one which limits the maximum interest rate on bonds to eight percent pursuant to Section 133.19 of the Ohio Revised Code. For the Miami Conservancy District, the applicable sections of the Ohio Revised Code imposing the same interest rate ceiling are Sections 6101.46, 6101.48, and 6101.501. The only exception to this are mortgage revenue bonds which can be issued by municipal corporations for the acquisition, construction, or extension of public utilities under the authority of Article XXII, Section 12, of the Ohio Constitution.

Constraints on General Obligation Debt

There are two fundamental constraints which affect the ability of units of local government to incur general obligation debt necessary to finance large capital improvement projects over a number of years. The first is statutory debt limitations; the second, constitutional limitations on unvoted tax levies.

Statutory Debt Limitations

The first constraint was enacted by the Ohio General Assembly in Chapter 133 of the Ohio Revised Code and is referred to as the Uniform Bond Law. This Chapter sets forth procedures to be followed by the current debt limitations applicable to units of local government within the state. Specifically, it limits most general obligation debt to a percentage of the political entity's assessed

valuation.[4]

Municipal corporations are limited to a total amount of general obligation debt which does not exceed ten and one-half percent of the assessed valuation of the community. Within this overall limitation is a further limitation on the amount of debt issued without a vote of the electorate. Under this limit, the amount of debt issued without a vote of the electorate cannot exceed five and one-half percent of assessed valuation.

Before providing an example of this procedure, using the City of Dayton, it is important to point out that not all debt is subject to this limitation. In broad terms, neither special nor revenue backed debt is included nor in general debt in the form of

> ...bonds or notes which have been issued for the purpose of purchasing, constructing, improving, or extending water systems, sewage disposal plants or sewerage systems...[5]

Table III illustrates the manner in which the above limitations are computed for the City of Dayton. Shown are all outstanding bonds and notes not subject to such limitations because they are self-supporting or payable from the revenues of the improvements. As indicated, outstanding bonds and notes within the five and one-half percent limitation total approximately $45.8 million. The remaining margin for unvoted debt is approximately $12.6 million.

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[4]For purpose of estimating this amount, it is necessary to keep in mind that the figure includes not only the assessed valuation of real property, but also personal tangible property and public utility property. At the present time, real property is assessed in most areas of Ohio at a value which is 35 percent of true value; tangible value of all fixed and tangible properties as determined by the State Tax Commissioner. See Richard K. Desmond and Paul F. Sefcovic, Volume 33, No. 3 (Columbus 1972), pp. 606-620.

[5]Ohio Revised Code Section 133.03 (D)

Table III

City Of Dayton
Statement of Debt Limitation
October 31, 1975

	Unvoted Bonds and Notes Within 5½% Limit	Voted Bonds Outside 5½% Within 10½% Limit	Total Within 10½% Limit Tax Supported	Unvoted Bonds and Notes Self-Supporting			Total Bonds and Notes Outstanding
				Airport	Sewer	Water	
Total Bonds and Notes Outstanding October 31, 1975	$45,820,000	$4,427,000	$50,247,000	$14,990,000	$4,077,000	$9,713,000	$79,027,000
5½% of Total Tax Valuation	$58,440,829				$28,780,000		
Balance Remaining Within 5½% Limit	$12,620,829						
10½% of Total Tax Valuation			$111,568,856				
Balance Remaining Within 10½% Limit			$61,321,856				

Tax Valuation Upon Which Limitations Must be Applied as of July 28, 1975	
Real Estate	$662,780,140
Public Utility	$121,700,000
Total	$784,480,140
Tangible	$278,080,396
TOTAL	$1,062,560,536

Source: Ted G. Popoff, City Treasurer, City of Dayton

Within the upper limit, ten and one-half percent of the total tax valuation of $1,062,560,536 the City has utilized approximately $50.2 million with a remaining debt margin of approximately $61.3 million. However, the major portion, or approximately $38 million of that unused debt margin, would require the City to get voter approval.

The same Chapter of the Ohio Revised Code established statutory debt limitations for counties as follows:

1. Total net indebtedness shall never exceed a sum equal to three percent of the first one hundred million dollars of assessed valuation; one and one-half percent of the tax list above 100 million but below three hundred million.

2. Unvoted debt may not exceed a sum equal to one percent of the assessed valuation of the county.[6]

As in the case with municipal corporations, there are certain types of general debt which are exempt from these statutory debt limitations. These are bonds issued "...for the purpose of purchasing, construction, improving, or extending water systems, sewerage systems..."[7] While bonds issued for the above purpose are exempt from the statutory debt limitations, bonds for such purposes may not exceed two percent of the total value of all property in the county when computing total legal debt. With regard to the debt which requires a vote of the electorate, a majority of those voting is required for the passage of such a measure.[8]

Tables IV - VIII present data for the five county area showing the outstanding unvoted and voted debt and available debt margins for municipal corporations and counties. Overall, the calculated percentages of bonded indebtedness, either in relation to the unvoted or voted debt limitation, illustrates clearly that statutory limitations present a minimal obstacle to almost any unit of local government desiring to incur greater debt at the present time.

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[6] Ibid., Section 133.05.

[7] Ibid., Section 133.05 (E).

[8] Ibid., Section 133.13.

Table IV

Darke County
Outstanding Debt Subject to Statutory Limitations
(9/1/75)

Taxing Jurisdiction	(1) 1974 Assessed Prop. Val. ($)	(2) Voted Debt Limit ($)	(3) Voted Bonded Indebtedness (a) ($)	(3) (b)* (%)	(4) Voted Debt Margin ($)	(5) Unvoted Debt Limit ($)	(6) Unvoted Bonded Indebtedness (a) ($)	(6) (b)** (%)	(7) Unvoted Debt Margin ($)	(8) Total Debt Margin ($)
Gettysburg	1,129,998	56,499	-0-	0	56,499	62,149	-0-	0	62,149	118,649
Burkettsville	115,990	17,799	-0-	0	17,799	8,579	-0-	0	8,579	26,378
New Weston Corp.	244,731	12,236	-0-	0	12,236	13,460	-0-	0	13,460	25,696
Rossburg Corp.	632,189	31,609	-0-	0	31,609	34,770	-0-	0	34,770	66,379
Ansonia Corp.	2,969,002	148,450	-0-	0	148,450	163,295	-0-	0	163,295	311,745
Castine Corp.	192,880	9,644	-0-	0	9,644	10,608	-0-	0	10,608	20,252
New Madison Corp.	2,130,923	106,546	-0-	0	106,546	117,200	15,000	.7	102,200	208,746
Greenville Corp.	50,277,578	2,513,878	60,000	.11	2,453,878	2,765,266	-0-	0	2,765,266	5,219,145
Hollansburg Corp.	391,850	19,592	-0-	0	19,592	21,551	-0-	0	21,551	41,144
Union City Corp.	3,842,001	192,100	-0-	0	192,100	211,310	-0-	0	211,310	403,410
Palestine Corp.	361,240	18,062	-0-	0	18,062	19,868	-0-	0	19,868	37,930
Pitsburg Corp.	939,774	46,988	40,000	4.2	6,988	51,687	-0-	0	51,687	58,676
Osgood Corp.	556,930	27,846	-0-	0	27,846	30,631	-0-	0	30,631	58,477
Yorkshire Corp.	228,710	11,435	-0-	0	11,435	12,579	-0-	0	12,579	24,014
Arcanum Corp.	5,237,573	261,878	10,000	.19	251,878	280,066	-0-	0	280,066	531,944
Gordon Corp.	325,621	16,281	-0-	0	16,281	17,909	-0-	0	17,909	34,190
Ithaca Corp.	206,655	10,332	-0-	0	10,332	11,366	-0-	0	11,366	21,698
North Star Corp.	796,880	39,844	-0-	0	39,844	43,828	-0-	0	43,828	83,672
Versailles Corp.	7,947,557	397,377	-0-	0	397,377	437,118	-0-	0	437,118	834,495
Darke County	181,056,349	4,215,845	-0-	0	4,215,845	1,810,563	-0-	0	1,810,563	6,026,408

* Percentage, Voted Bonded Indebtedness ((3) (b)) = (3)(a)/(1)
** Percentage, Unvoted Bonded Indebtedness ((6) (b) = (6)(a)/(1)

Source: Miami Valley Regional Planning Commission

Table V

Greene County
Outstanding Debt Subject to Statutory Limitations
(9/1/75)

Taxing Jurisdiction	(1) 1974 Assessed Prop. Val. ($)	(2) Voted Debt Limit ($)	(3) Voted Bonded Indebtedness (a) ($)	(3) (b)* (%)	(4) Voted Debt Margin ($)	(5) Unvoted Debt Limit ($)	(6) Unvoted Bonded Indebtedness (a) ($)	(6) (b)** (%)	(7) Unvoted Debt Margin ($)	(8) Total Debt Margin ($)
Fairborn City	104,994,636	5,249,731	-0-	0	5,249,731	5,774,704	1,780,000	1.6	3,994,704	9,244,436
Cedarville Village	4,567,172	228,358	-0-	0	228,358	251,194	150,000	3.2	101,194	329,553
Bowersville Village	664,873	33,243	-0-	0	33,243	36,568	-0-	0	36,568	69,811
Clifton Village	261,530	13,076	-0-	0	13,076	14,384	-0-	0	14,384	27,460
Yellow Springs Village	17,073,206	653,660	-0-	0	653,660	939,026	248,000	1.4	691,026	1,344,686
Jamestown Village	5,347,469	267,373	-0-	0	267,373	294,110	-0-	0	294,110	561,484
Spring Valley Village	1,214,657	60,732	-0-	0	60,732	66,806	10,000	.8	56,806	117,538
Bellbrook City	20,769,441	1,038,472	-0-	0	1,033,472	1,142,379	187,000	0	955,379	1,988,851
Xenia City	75,508,231	3,775,411	70,000	.09	3,705,411	4,152,952	2,080,000	2.75	2,072,952	5,778,364
Greene County	481,372,066	10,534,301	275,000	.05	10,259,301	4,813,720	-0-	0	4,813,720	15,073,021

* Percentage, Voted Bonded Indebtedness ((3)(b)) = (3)(a)/(1)
** Percentage, Unvoted Bonded Indebtedness ((6)(b)) = (6)(a)/(1)

Source: Miami Valley Regional Planning Commission

Table VI

Miami County
Outstanding Debt Subject to Statutory Limitations

Taxing Jurisdiction	(1) 1974 Assessed Prop. Val. ($)	(2) Voted Debt Limit ($)	(3) Voted Bonded Indebtedness (a) ($)	(3) (b)* (%)	(4) Voted Debt Margin ($)	(5) Unvoted Debt Limit ($)	(6) Unvoted Bonded Indebtedness (a) ($)	(6) (b)** (%)	(7) Unvoted Debt Margin ($)	(8) Total Debt Margin ($)
Fletcher Corp.	1,388,790	67,939	-0-	0	67,939	74,733	-0-	0	74,733	142,672
Troy Corp.	128,995,480	6,449,774	-0-	0	6,449,774	7,094,751	-0-	0	7,094,751	13,544,525
Casstown Corp.	580,030	29,001	-0-	0	29,001	31,901	-0-	0	31,901	60,903
Tipp City Corp.	28,160,460	1,408,023	-0-	0	1,408,023	1,548,825	-0-	0	1,548,825	2,956,848
Bradford Corp.+	3,432,948	171,654	-0-	0	171,654	188,812	65,000	1.8	123,812	295,466
Covington Corp.	9,578,160	478,908	-0-	0	478,908	526,798	-0-	0	526,798	1,005,706
Pleasant Hill Corp.	3,168,620	158,431	-0-	0	158,431	174,274	-0-	0	174,274	332,705
Laura Corp.	1,398,560	69,928	-0-	0	69,928	76,920	-0-	0	76,920	146,848
Ludlow Falls Corp.	467,350	23,367	-0-	0	23,367	25,704	-0-	0	25,704	49,071
Potsdam Corp.	537,440	26,872	-0-	0	26,872	29,554	-0-	0	29,554	56,426
West Milton Corp.	13,090,240	654,512	-0-	0	654,512	719,963	143,000	1.1	576,963	1,231,475
Piqua Corp.	89,155,420	4,457,771	-0-	0	4,457,771	4,903,548	128,000	.14	4,775,548	9,233,319
Miami County	368,956,550	7,723,913	900,000	.24	6,823,913	3,689,565	-0-	0	3,689,565	10,513,478

* Percentage Voted Bonded Indebtedness ((3)(b)) = (3)(a)/(1)
** Percentage Unvoted Bonded Indebtedness ((6)(b)) = (6)(a)/(1)
\+ Includes Darke County Portion

Source: Miami Valley Regional Planning Commission

Table VII

Montgomery County
Outstanding Debt Subject to Statutory Limitations
(9/1/75)

Taxing Jurisdiction	(1) 1974 Assessed Prop. Val. ($)	(2) Voted Debt Limit ($)	(3) Voted Bonded Indebtedness (a) ($)	(b)* (%)	(4) Voted Debt Margin ($)	(5) Unvoted Debt Limit ($)	(6) Unvoted Bonded Indebtedness (a) ($)	(b)** (%)	(7) Unvoted Debt Margin ($)	(8) Total Debt Margin ($)
Vandalia	25,290,539	1,264,526	-0-	0	1,264,526	1,390,979	-0-	0	1,390,979	2,655,506
Brookville	16,721,870	836,093	-0-	0	836,903	919,702	-0-	0	919,702	1,755,796
Clayton	2,885,004	144,250	-0-	0	144,250	158,675	-0-	0	158,675	302,925
Phillipsburg	2,118,607	105,930	21,000	.99	84,930	116,523	-0-	0	116,523	201,453
Verona+										
Germantown	16,048,502	802,425	-0-	0	802,425	882,667	-0-	0	882,667	1,685,092
Farmersville	2,677,466	133,873	-0-	0	133,873	147,260	20,000	.7	127,260	261,133
New Lebanon	11,210,934	560,546	-0-	0	560,546	616,601	-0-	0	616,601	1,177,148
Trotwood	39,963,961	1,998,198	-0-	0	1,998,198	2,198,017	-0-	0	2,198,017	4,196,215
Riverside	6,818,250	340,912	-0-	0	340,912	375,003	-0-	0	375,003	715,915
Carlisle++										
Miamisburg	65,307,857	3,265,392	126,000	.19	3,139,392	3,591,932	678,000	1.0	2,913,932	6,053,324
West Carrollton	62,918,302	3,145,915	-0-	0	3,145,915	3,460,506	112,000	.17	3,348,506	6,494,422
Moraine	112,409,482	5,620,474	-0-	0	5,620,474	6,182,521	5,000	.004	6,177,521	11,797,995
Englewood	38,432,190	1,921,609	224,000	.58	1,697,609	2,113,770	40,450	.10	2,073,320	3,770,929
Union	11,750,117	587,505	-0-	0	587,505	646,256	-0-	0	646,256	1,233,762
Centerville	87,978,783	4,398,939	-0-	0	4,398,939	4,838,833	437,000	.5	4,401,833	8,800,775
Kettering	351,308,972	17,565,198	1,960,000	.55	15,605,198	19,321,718	-0-	0	19,321,718	34,926,918
Oakwood	59,578,090	2,978,904	-0-	0	2,978,904	3,276,794	30,000	.05	3,246,794	6,225,699
Dayton	1,051,960,373	52,598,018	4,708,000	.4	47,890,018	57,857,820	4820,800	4.16	9,649,820	57,539,838
Montgomery County	2,919,737,643	71,493,441	-0-	0	71,493,441	29,193,376	8,967,438	.31	20,225,938	91,719,379

* Percentage, Voted Bonded Indebtedness ((3)(b)) = (3)(a)/(1)
** Percentage, Unvoted Bonded Indebtedness ((6)(b)) = (6) (a)/(1)
\+ See Preble County
++ Majority of Carlisle located in Warren County

Source: Miami Valley Regional Planning Commission

Table VIII

Preble County
Outstanding Debt Subject to Statutory Limitations
(9/1/75)

Taxing Jurisdiction	(1) 1974 Assessed Prop. Val. ($)	(2) Voted Debt Limit ($)	(3) Voted Bonded Indebtedness (a) ($)	(3) (b)* (%)	(4) Voted Debt Margin ($)	(5) Unvoted Debt Limit ($)	(6) Unvoted Bonded Indebtedness (a) ($)	(6) (b)** (%)	(7) Unvoted Debt Margin ($)	(8) Total Debt Margin ($)
West Elkton Village	399,857	19,992	-0-	0	19,992	21,991	-0-	0	21,991	41,984
Lewisburg Village	4,703,497	235,174	18,000	.38	217,174	258,692	-0-	0	258,692	475,867
Verona Village+	912,273	45,613	-0-	0	45,613	50,175	-0-	0	50,175	95,788
College Corner Village	349,030	17,451	2,200	.63	15,251	19,196	-0-	0	19,196	34,448
New Paris Village	2,767,322	138,366	52,000	1.8	86,366	152,202	-0-	0	152,202	238,568
Gratis Village	1,228,236	61,411	-0-	0	61,411	67,522	-0-	0	67,522	128,933
West Alexandria Village	3,400,662	170,033	33,000	.9	137,033	187,036	-0-	0	187,036	324,069
Eldorado Village	1,067,126	53,356	-0-	0	53,356	58,691	-0-	0	58,691	112,048
West Manchester Village	1,041,856	52,092	-0-	0	52,092	57,302	-0-	0	57,302	109,394
Camden Village	3,747,548	167,377	-0-	0	167,377	206,115	-0-	0	206,115	373,492
Eaton Corp.	24,270,577	1,213,528	-0-	0	1,213,528	1,334,881	3,000	5.6	1,331,881	2,545,409
Preble County	117,303,678	3,259,555	75,000	.06	3,184,565	1,173,036	-0-	0	1,173,036	4,357,601

* Percentage, Voted Bonded Indebtedness ((3)(b)) = (3)(a)/(1)
** Percentage, Unvoted Bonded Indebtedness ((6)(b)) = (6)(a)/(1)
\+ Includes Montgomery County Portion

Source: Miami Valley Regional Planning Commission

Within Darke County, the only community approaching debt limitation is the village of Pitsburg. Pitsburg is limited to less than $7,000 in additional voted debt, but at the same time, the community has approximately $52,000 in unvoted debt capacity.*

In Greene County, there is very little outstanding voted debt, and, of the unvoted debt, Xenia has issued bonds for slightly over half of its unvoted debt capacity while Cedarville has issued slightly over 60 percent of its debt capacity. Other communities utilizing unvoted debt capacity are Fairborn, Yellow Springs and Spring Valley.

In Miami County, there is no voted bonded indebtedness, and only Bradford, West Milton and Piqua have used available unvoted debt capacity.

In Montgomery County, there are several communities which have outstanding debt subject to both voted and unvoted debt limitations. Only Dayton and Miamisburg, however, have used over one percent of the debt capacity allowable under the limitations. The outstanding debt in Montgomery County as well as in Greene illustrates a greater use of bonding capacity by a greater number of communities within the region's two more urbanized counties.

In Preble County, the same situation exists as in the other four counties - very little outstanding debt as a percentage of assessed valuation.

Indirect or Tax Levy Limitations

The direct debt limitations are not the only factors to be considered in the issuance of general debt by units of local government. The other factor which was a greater impact on the unvoted debt capability of local communities is referred to as the indirect or "ten-mill limitation".[9] The source for this limitation is Article XII, Section 2 of the Ohio Constitution.

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*In certain situation, communities have outstanding only that debt which requires voter approval. This occurs because of overlaps over time in the issuance and retirement of bonds.

[9]A mill is defined as a tenth of a cent, ten mills is one cent and when speaking in terms of taxes per 1,000 assessed value, the constitutional limit restriction is $10.00 per $1,000 assessed valuation.

> no property...shall be so taxed in excess of one percent of its true value in money for all state and local purposes, but laws may be passed authorizing additional taxes to be levied outside of such limitation, either when approved by at least a majority of the electors of the taxing district voting on such proposition, or when provided for by the charter of a municipal corporation...[10]

What the ten-mill limitation means, and its impact on local communities is described in the following:

> The above quoted language prohibits the amount of ad valorem taxes levied on a particular piece of property by the state of Ohio and by all overlapping political subdivisions (the county, municipal corporation, board of education and township) from exceeding ten-mills, unless such excess is authorized by a vote of electorate, which may be in the form of voted tax levies, voted bond issues, or approved charter tax rate limitations with a higher percentage. Article XII, § 2, must be read in conjunction with Article XII, § 11, requiring that no bonded indebtedness of the state or any political subdivision thereof may be incurred or renewed unless provision has been made for the levying and collecting annually of a tax sufficient in amount to pay the interest on such indebtedness, and to provide a sinking fund for its redemption at maturity. It is the interaction of these two sections that makes effective the ten-mill limitation upon the unvoted general debt of the political subdivisions of the state. In order for the municipal corporation to issue general debt, Article XII, § 11, requires that a tax be levied to pay the principal of and interest on that debt. Article XII, § 2, requires that if the debt is unvoted, the millage required to pay the principal of and interest of the debt, together with that millage required to pay

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[10] Ohio Constitution Article XII, S 2.

> principal of and interest on all prior outstanding unvoted general debt (of both the municipal corporation and all other overlapping political subdivisions), cannot require the levy in any year on any property within the municipal corporation of taxes exceeding ten-mills per dollar of valuation.[11]

The manner in which the ten-mill unvoted tax is allocated among taxing jurisdictions within a county was established by the Ohio General Assembly on the basis of the amount of taxes levied during a five year period, 1928-1932. That same state formula is still in use, even though the amount of unvoted tax may not be relevant to the needs of communities at the present time.

The impact in terms of debt capacity varies with overlapping communities. For the county, computation of the ten-mill limit would have to take into account the portion of that limit currently allocated to each political jurisdiction within; and an additional unvoted levy could not be imposed if the current levy of any one of the political jurisdictions already met the ten-mill limit. Computation of the ten-mill limit by a community within the county would include only the millage of overlapping political jurisdictions. The difference between the existing composite and the ten-mill limit would be the allowable margin for levying of additional taxes for that community. A short discussion on how millage is allocated within a county is in Appendix B: County Budget Commissions.

Another factor to be considered concerns Article XII, Section 2 of the Ohio Constitution, which authorizes charter municipal corporations to increase the unvoted tax rate limitation. This may provide those communities with the ability to incur a greater amount of debt. For example, under the state formula, the City of Dayton's share of the constitutional ten-mills, is 3.82 mills or $3.82 per $1,000 assessed value. As a result of a charter amendment passed in 1945, the City Commission is authorized to levy a maximum of ten-mills including the 3.82 mills. The result is that the City itself can levy $6.18 per $1,000 assessed value which provides an indirect debt limitation in addition

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[11] Desmond and Sefcovic, op. cit., p. 613

to that allowed by the Constitution. This affects the city's debt capability by providing additional unvoted millage to support additional borrowing, if needed. Although there are seventeen other charter cities in the region, the majority do not have charter provisions qualifying the Constitutional tax rate limitation.

Appendix A contains a breakdown for each of the five counties and taxing jurisdictions within. It illustrates that the ten-mill limitation has not prevented total millage rates from rising far above that level to provide needed municipal and education services.

Preble County is the only one of the five counties within the Miami Valley study region which distinguishes, in the published rates of taxation, the millage that is inside and outside the ten-mill limitation. Therefore, it will be used for demonstration purposes. Table IX includes the total millage in terms of dollars per $1,000 assessed valuation within the ten-mill limitation currently levied in the County, and the millage available within the unvoted limit, illustrating that, the local communities are close to the limit, and in many cases, may not have the millage available which might be used for the retirement of general obligation debt from unvoted tax levies.

This situation affects county government more than political subdivision within the county because the county, in computing the unvoted millage available for its own use, must take into account millage currently levied by taxing jurisdictions within its boundaries. From the data contained in the table, it is clear that at the present time, Preble County would not be able to use an unvoted tax levy to support general obligation bonds for waste treatment facilities.

The situation illustrated in Table IX for Preble County is generally the same throughout the region, indicating that the primary constraint on unvoted general obligation debt is the constitutional, or ten-mill debt limitation, rather than the statutory debt limitation.

Opportunities Affecting State Controls

With regard to the present ten-mill limitation on taxes levied by political subdivision, the Ohio General Assembly is presently considering House Joint Resolution Number 10. This resolution would, if passed in a statewide referendum set for June, 1976, allow political subdivisions to use all general revenues, rather than just

Table IX

Taxes Levied and Available
Within Ten-Mill Limit
(For the Year 1974)

Preble County	Levied	Available
DIXON TOWNSHIP		
Eaton City S.D.	8.10	1.90
GASPER TOWNSHIP		
Eaton City S.D.	7.90	2.10
Preble Shawnee	10.00	. 0
Twin Valley S.D.	8.90	1.10
GRATIS TOWNSHIP		
Edgewood S.D.	9.24	.76
Gratis Village	10.00	. 0
Preble Shawnee	9.90	.10
Twin Valley S.D.	8.80	1.20
Valley View S.D.	8.86	1.14
West Elton Village	9.90	.10
HARRISON TOWNSHIP		
Brookville S.D.	9.40	.60
C.R. Coblentz S.D.	10.00	. 0
Lewisburg Village	10.00	. 0
Twin Valley S.D.	9.40	.60
Verona Village	10.00	. 0
ISRAEL TOWNSHIP		
College Corner S.D.	9.70	.30
College Corner Village	10.00	. 0
Eaton City S.D.	7.90	2.10
Preble Shawnee S.D.	10.00	. 0
Talawanda S.D.	8.69	1.31
JACKSON TOWNSHIP		
C.R. Coblentz S.D.	10.00	. 0
JEFFERSON TOWNSHIP		
C.R. Coblentz S.D.	10.00	. 0
New Paris Village	10.00	. 0
LANIER TOWNSHIP		
Preble Shawnee S.D.	10.00	. 0
Twin Valley S.D.	9.90	.10
West Alexandria Village	9.20	.80
MONROE TOWNSHIP		
C.R. Coblentz S.D.	9.90	.10
Eldorado Village	10.00	. 0
West Manchester Village	10.00	. 0
SOMERS TOWNSHIP		
Camden Village	9.90	.10
Eaton City S.D.	7.80	2.20
Preble Shawnee S.D.	9.90	.10
Talawanda S.D.	8.59	1.41

Table IX (cont'd)

TWIN TOWNSHIP		
Brookville S.D.	10.00	. 0
Eaton City S.D.	9.00	1.00
Twin Valley S.D.	10.00	. 0
West Alexandria Village	9.10	.90
WASHINGTON TOWNSHIP		
C.R. Coblentz S.D.	10.00	. 0
Eaton City S.D.	8.40	1.60
EATON CORPORATION	10.00	. 0

Compiled from the "RATES OF TAXATION OF PREBLE COUNTY, OHIO FOR THE YEAR 1974".

property taxes, for bonded debt retirement and would effectively eliminate the indirect debt limitation. Revenue sources other than property taxes have become an increasingly major part of local government budgets, and this is a potential significant change since it would allow municipalities greater use of general obligation bonds which normally carry lower interest rates than alternatives such as revenue bonds.

Revenue Bonding

The preceding sections discussed general obligation (g.o.) debt issued by municipal corporations and counties; and the legal constraints on the issuance of such debt. This section briefly discusses the other major debt instrument - special or revenue bonding.

Revenue bonding has increasingly been used by state and municipal officials as a means to finance needed public improvements without increasing taxes. Other reasons for using revenue bonds include:

1. Inability to issue general obligations because of legal limitations upon the amount of such debt which can be incurred.

2. The use of the revenue instrument protects the taxpayer in case of failure of the enterprise to be fully self-liquidating.

3. The feeling that a utility venture should be self-supporting without a tax subsidy.

4. The feeling that a facility should be paid for by users of the facility alone rather than by the community at large.

5. In many states revenue bonds can be issued upon the direction of the governing body of a municipality without referring the matter to the electorate; this is a convenient circumstance, particularly in cases involving negotiations for the acquisition of privately owned utility properties.

6. In instances where the general credit of a municipality is not highly regarded, revenue bonds may command a more favorable market than general credit bonds, that is, they can be sold at lower rates of interest.

7. The establishment of a governmental agency with authority to issue revenue bonds frequently permits entry into a project which the sponsoring government cannot undertake. This is particularly true in the case of authorities which result from interstate compacts.[12]

In Ohio revenue bonding is authorized by Article XVIII, Section 12 of the Ohio Constitution as well as by Article XVIII, Section 3. The former authorizes specifically mortgage revenue bonds which requires granting a mortgage as additional security for the revenue bond.

Counties are authorized pursuant to Section 6117.31 of the Ohio Revised Code (Chapter 6117 Sewer District: County Sewers) to issue revenue bonds for the purpose of constructing and improving wastewater treatment and sewerage disposal facilities, although these are not mortgage revenue bonds.

Although revenue bonding is being used to a greater extent for the reasons cited, other factors are normally taken into account before revenue bonds are issued. For example, the cost of borrowing is generally lower for g.o. bonding than revenue bonding; on the average, there is a one percent spread in borrowing costs between the two types of borrowing. In addition, the costs for preparing a revenue bond issue are greater than those for a general obligation bond issue. While it may take only a month to prepare a g.o. bond issue, it can sometimes take up to a year to prepare a revenue issue, according to the director of the Ohio Municipal Advisory Council.*

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[12] Moody's Investor Services Inc., New York, 1975. Moody's Municipal and Government Manual, Volume 2, p. a21.

*The Ohio Municipal Advisory Council is a non-profit Ohio Corporation which serves municipalities and municipal bond dealers.

This is due to the necessity of preparing backup material to assure potential investors of the revenue producing qualities of the project to be funded.

Factors such as cost of borrowing as well as costs involved in preparing revenue debt for issue must be weighed against those factors which make revenue debt an advantageous or necessary route for units of local government.

Special Assessment Bonding

Special assessment financing is, for the most part, not used for main facilities, but rather is used more often for local sewer lines benefitting particular properties. The reason for this is because the special assessment technique is used to apportion the costs of improvements to the specific properties benefitted.

Special assessment debt is issued to allow property owners to spread the costs of the particular improvement over a number of years. It is a relatively small part of total municipal and county debt outstanding; however, since it is utilized by communities in the Miami Valley, the limitations on its use will be mentioned briefly.

In cases in which municipal corporations issue special assessment debt, it is not subject to statutory limitations, but is subject to the indirect or ten-mill limitation because the special assessments must be secured by a contingent tax levy.[13] Thus the only constraint on special assessment bonding is that caused by the ten-mill limitation; however, a special assessment cannot exceed 33 1/3 percent of the value of the improved property.

Special assessments in county sewer districts are authorized Chapters 6103 and 6117 of the Ohio Revised Code. Special assessments are frequently used in the sewer districts for local benefit (service lines) with revenue-supported financing or grants or a combination thereof providing for main works.[14]

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[13] John M. Anderson, "Financing Water Quality Improvements," Ohio Cities and Villages, Ohio Municipal League, October, 1973.

[14] Ibid., p. 32.

The major use of special assessments and issuance of special assessment debt by counties is borne out by the amounts of such debt outstanding, as indicated in the Ohio Compendium of Municipal Debt. Although Darke and Preble have no outstanding special assessment debt, the counties experiencing greater development do have significant percentages of total debt in special assessment debt. At the beginning of 1975, Montgomery County had 24.96 percent outstanding, Greene County, 16 percent and Miami County, 4.7 percent.[15]

Contract Financing

The Legal Critical Factors Analysis includes a discussion of the contracting authority of various agencies at the municipal, county and state levels. The authority for municipalities to contract with one another, or municipalities to contract with counties, and the authority for both municipalities and counties to contract with OWDA provides a way in which local government can meet U.S. Environmental Protection Agency (USEPA) requirements regarding regionalization of waste treatment plants. In the case of OWDA-local government contracting, it provides a way to reduce borrowing costs, and in the case of municipal-municipal or municipal-county, the ability of local governments to contract finance provides a way in which to consolidate and economize on the provision of waste treatment services. Perhaps most importantly, contractual arrangements such as these and those involving OWDA do not constitute bonded indebtedness and as a result no debt limitations apply.[16]

In the Miami Valley, a major user of the contract financing technique, in addition to many local communities and counties contracting with OWDA, is the Miami Conservancy District (MCD). The District has utilized OWDA financing assistance for the Franklin and Clear Creek projects, and expects to use OWDA for the Twin Creek Interceptor project which is on the OEPA FY 1976 Priority List. In turn, the District's role as a wholesaler of wastewater treatment services (for the Twin Creek project, users will include the counties of Warren and Montgomery, and the communities of Germantown, Carlisle, and Chautaqua)

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[15]Ohio Municipal Advisory Council, Compendium of Municipal Debt, as of January 1, 1975, pages 1-5.

[16]Anderson, op. cit., p. 33.

involving as it does communities and/or counties, facilitates the establishment of regional arrangements.

The previous section on contract financing mentioned the use by the Miami Conservancy District of this financing technique. As discussed in the synopsis specifically prepared on the Conservancy District in the report, A Review of Regional Public Agencies Impacting Regional Water Quality Management, as well as the discussion in the Legal Critical Factors Analysis, conservancy districts do have the authority to use other financing techniques as well.

Specifically, the MCD and its subdistricts can issue either special assessment or revenue bonds, pursuant to Sections 6101.50 and 6101.501 of the Ohio Revised Code, respectively. With regard to special assessment bonds, Section 6101.50 limits the amount of special assessment bonds to an amount not exceeding 90 percent of the unpaid portion of the assessment.

Although the MCD is authorized to issue both types of bonds, at the beginning of 1975, according to the Ohio Compendium of Municipal Debt, the only type outstanding for the District is special assessment debt. According to District staff, the District is less likely to issue revenue bonds for two reasons. The first reason is that the District's authority to place on the tax duplicate unpaid service fees may not be an express one. This "inadequacy" of the current conservancy law has the potential of jeopardizing the feasibility of a revenue backed project. This may affect the District's bond rating, and, in turn, its borrowing costs.* Together with the interest rate ceiling of eight percent mentioned earlier in this report, the District may find itself in a situation in which its borrowing costs are too high or higher than those charged by OWDA. The District has used OWDA each of the past two times it has had to finance waste treatment facilities.

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*Although this opinion was expressed by District staff in July, 1975, the staff in discussion since then has indicated that the District is able to overcome this "inadequacy" in contractual arrangements with communities participating in waste treatment projects. Under these arrangements, units of local government are obligated to use their own authority to insure the collection of charges payable to the District. Further, the District staff has indicated that ratings received by District bonds are those of the primary entities being assessed, and not ratings based on the District's own financial resources.

III. FINANCIAL EVALUATION

The question of evaluating the financing capability of units of local government includes an assessment of data in addition to statutory and constitutional limitations:

> With regard to general obligation bonds, this data includes that "...relating to assessments, assessment ratios, tax rates, tax levies, current and delinquent tax collections, debt service requirements, elements of economic base, and overlapping debt.
>
> For revenue debt, information is secured on such items as gross revenues, operating and maintenance expenditures, depreciation reserves, debt service requirements, assets and liabilities, earnings coverage, service areas, and transfers to general funds of the sponsoring governments.[17]

Rating organizations such as Moody's Investor Services, Inc., Standard and Poor's Corporation and Dun and Bradstreet, Inc. utilize information such as the above in rating the bond issues of local government agencies.

These ratings influence the borrowing costs of local communities because they are an assessment of the "investment quality" of the bond issues. As noted in the Moody's Government and Municipal Manual, these ratings "...involve a judgement about the future...They are...an appraisal of long-term risks, such appraisal giving recognition to... statistical and nonstatistical factors."[18] For example, the rating of municipal bonds in 1974 indicated a difference in yields of .85 between bonds rated Aaa and those rated Baa. Money market conditions obviously affect the cost of borrowing, but relative costs of borrowing are affected by the ratings received by government agencies.

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[17] Lennox L. Moak, Administration of Local Government Debt, Municipal Finance Officers Association of the United States and Canada (Chicago: 1970) p. 154.

[18] Moody's Investor Services, Inc. Moody's Government and Municipal Manual, 1975, Volume 2. p. v.

Table X

Definitions - Moody's Bond Ratings

Aaa

Bonds which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge". Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa

Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long term risks appear somewhat larger than in Aaa securities.

A

Bonds which are rated A posess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future. See General Note 1 below.

Baa

Bonds which are rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well. See General Note 1 below.

Ba

Bonds which are rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B

Bonds which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

Caa

Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

Ca

Bonds which are rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

C

Bonds which are rated C are the lowest rated class of bonds and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Con.(...)

Bonds for which the security depends upon the completion of some act or the fulfillment of some condition are rated conditionally. These are bonds secured by (a) earnings of projects under construction, (b) earnings of projects unseasoned in operating experience, (c) rentals which begin when facilities are completed, or (d) payments to which some other limiting condition attaches. Parenthetical rating denotes probable credit stature upon completion of construction or elimination of basis of condition.

Source: Moody's Municipal and Government Manual, 1975, Volume 2, Page vi.

Table XI

Bond Ratings of Selected Local Agencies

Agency	Rating
GREENE COUNTY	
General Obligation (G.O.)	Al
Hospital Revenue	Baal
Xenia	
General Obligation (G.O.)	A
MIAMI COUNTY	
Piqua	
General Obligation (G.O.)	Aa
Electric Revenue	Aa
Sewer Refunding	A
Troy	
General Obligation	Aa
MONTGOMERY COUNTY	
General Obligation (G.O.)	Aaa
Dayton	
General Obligation (G.O.)	Aa
Airport Revenue	A
Hospital Improvement First Mortgage	Baa
Miamisburg	
General Obligation (G.O.)	A
PREBLE COUNTY	
Eaton	
General Obligation	A
MIAMI CONSERVANCY DISTRICT	
Miami Shores Development Bonds	A
Dicks Creek - Little Muddy Creek Subdistrict	A

Source: Moody's Municipal and Government Manual, 1975, Volume 2.

*Bond ratings accorded the District in these two instances are actually the ratings of the primary entities being assessed. In the case of Miami Shores, the primary entity is Montgomery County; in the case of Dick Creek, it is Armco Steel. This is the normal procedure in the ratings received by District bonds.

As noted above, the ratings accorded to bonds provide an indicator of the gradations in borrowing costs experienced by government agencies. As such, they are an indirect indicator of the present and future financial health of the community and borrowing agency or, in the case of a revenue bond issue, the stability of the particular project from which revenues are being pledged. The fact that ratings are used by investors is important because decisions concerning investment are made on the basis of such ratings; and, of course, investment policies or ratings may affect the bond issues purchasers decide to hold.

Table X presents the bond ratings used by Moody's Investor Services and Table XI, the ratings accorded the latest issues of a number of units of local government and the Miami Conservancy District as contained in the 1975 edition of the Moody's Government and Municipal Manual. Issuers are charged a fee for the examination required to develop a rating. As a result, the evaluation undertaken by Moody's is not necessary unless a debt issue is going to be marketed. That is one reason why all communities in the Miami Valley region are not listed. Another reason is that prior to the undertaking of the fee requirement policy by the rating agencies, communities with small amounts of outstanding debt were not rated. It may be that some communities listed in Tables IV-VIII as having outstanding debt were not originally rated at the time the debt was issued.

IV. THE STATE CONTRIBUTION

There are several state as well as state-administered federal programs which must be included in any discussion concerning the financing of waste treatment projects. These include the 201 construction grants program which will be discussed in the following chapter, The Federal Contribution. The program of primary concern at the state level is that administered by the Ohio Water Development Authority (OWDA). The other program which will be discussed is the assessment deferment program administered by the Water and Sewer Rotary Commission, Ohio Department of Economic and Community Development (DECD). The other state program with the potential to provide assistance in nonpoint source pollution control is administered by the Division of Soil and Water Districts, Ohio Department of Natural Resources (ODNR), and implemented by the county Soil and Water Districts. This program, and potentially important amendments to it, have been discussed in the report, A Review of State Agencies Impacting Regional Water Quality Management.

Ohio Water Development Authority

The functions carried out by OWDA, both existing and potential, have been discussed in the report, A Review of State Agencies Impacting Regional Water Quality Management. The purpose of the section is to summarize OWDA's functions and indicate the extent to which units of local government in the Miami Valley region have utilized its resources.

OWDA stimulates municipal and county expenditures in waste treatment facilities by acting as a financing intermediary. In common with other such institutions, OWDA

> ...collects the debt requirements of a number of communities and goes into the market with one large issue. After the bonds or other securities have been sold, the intermediary distributes funds to the municipalities...[19]

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[19] U.S. Environmental Protection Agency, op.cit., p. 159.

It should be noted, however, that in the case of OWDA, borrowers are charged an amount over and above the borrowing cost to the authority. For those participating in the 201 program, it is calculated to be 80 basis points, or .8 percent above the Municipal Bond Buyers 20 Bond Index.

The advantages of institutions such as OWDA are that

> ...the interest rate is lower for participants than it would be if each municipality issued its own bonds (the current OWDA bond rating is A). An additional advantage is the availability of financing to municipalities who, through lack of experience, are not familiar with the methods of raising investment capital.
>
> The average interest rate is lower when one agency holds a portfolio of bonds because the risk is less than for a single community's issue. By being able to issue a large number of bonds at each maturity, the... issue will appeal to a wide spectrum of potential investors. Large institutional investors usually do not like to buy just a few bonds of one maturity. Of course, each municipality will also realize a savings in transaction costs, since it will not need the services of an individual bond underwriter.[20]

Perhaps most importantly, financing through OWDA is not considered bonded indebtedness, but rather, contract financing. As a result, such indebtedness does not fall within statutory or constitutional limitations applying to bonded indebtedness.

There are a number of management agencies within the five county region which have participated in the OWDA pollution abatement program. Those which have utilized OWDA assistance through December 31, 1975, include:

West Alexandria	Englewood
Fairborn	Miami Conservancy District
Greene County	West Milton

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[20] Ibid. p. 159.

Ansonia	Jamestown
Cedarville	Troy
Vandalia	Miamisburg

In addition, there are a number of communities as well as the MCD which intend to finance through OWDA in the coming year.

There are instances when the cost of borrowing from OWDA may make it disadvantageous or impossible for communities to use OWDA financing assistance. For example, communities not on the 201 priority list must pay a premium for an OWDA loan equal to 180 basis points, or 1.8 percent, above the Municipal Bond Buyers 20 Bond Index. Further, even for those communities which are on the priority list, the cost of borrowing may be too high. A community may be discouraged from seeking OWDA assistance because it could not charge a reasonable set of rates and still be able to amortize the loan. An alternative is to seek Farmers Home Administration (FmHA) assistance under the Water and Waste Disposal Systems for Rural Communities Program (Consolidated Farm and Rural Development Act, P.L. 92-419. This program provides 40 year loans at five percent to 201 grant recipients which are eligible communities (i.e , those with less than 10,000 population). A criterion used by FmHA before considering such loans is that the annual debt service under alternative financing (i.e., OWDA) that each residential user would pay as part of the sewer service fee must be more than one percent of median family income. For example, in a community with a median family income of $10,000, FmHA would consider a low cost loan if the annual debt service charge exceeded $100.00. Communities which have used this program for water and sewer in the past (since 1966) in the Miami Valley region include Germantown in Montgomery County, Lewisburg and Camden in Preble County, Tipp City in Miami County, and Jamestown in Greene County. Camden was the only community to use FmHA assistance for sewer treatment plant and lines. In addition, as the discussion in A Review of Local Agencies Impacting Regional Water Quality Management (Section VI) notes, Eldorado has applied to FmHA for assistance on its Step 3 grant.

Ohio Water and Sewer Rotary Commission

The program of assessment deferments administered by the Water and Sewer Rotary Commission originated in 1965 with $5 million allocation from a state bond issue. Interest free loans under the program are made to Boards of County Commissioners for water and sewer lines. The loans enable the counties to grant deferred assessments to agricultural

property owners. While the maximum term of the loan is twenty years, the assessment will be collected if the land is developed prior to the expiration of the loan period. The rationale behind the Rotary fund is that assessments should be collected only when benefits are realized. Legal proceedings occurring because of extremely high assessments against vacant land should not jeopardize needed projects.

Interestingly enough, the primary purpose of the program is to encourage the establishment or expansion of industrial, commercial and residential development; secondary purposes are to provide funds to alleviate water pollution problems, and to assist farmers so that agricultural land will not be prematurely sold or developed.

Since the beginning of the program, additional funds have been made available to the Commission. In 1970, $5 million was appropriated from State general revenues, and in 1973, an additional $5 million from the State's allocation of federal revenue sharing funds.

According to a report prepared by the Commission staff for submittal to the Ohio General Assembly, demands for monies from the Rotary fund have been increasing. The reasons are, first, increased development on the urban fringe has required the extension of utilities across agricultural land; secondly, federal and state environmental requirements have accelerated the need to provide sewer facilities; and third, present high construction and borrowing costs have made the interest free loans very attractive.

The assessment deferment program has encouraged the creation of some industrial parks. However, because the program has generally not been linked to a comprehensive plan and other land use controls, the results may be contributing to leap frog development and causing impacts which may be more costly to local communities and counties. It may be that at the present time, the primary attraction of the program is the low cost loans. The only county using these funds has been Montgomery County (1968).

The fund at the present time is depleted, but the Commission is hoping additional money will be appropriated by the Ohio General Assembly. By linking the program with a comprehensive plan and land use controls, the loans would provide a more effective means to assist in the financing of water and sewer lines serving rural areas.

V. THE FEDERAL CONTRIBUTION

The federal contribution to wastewater facilities financing consists primarily of two relatively small programs and the massive 201 grant programs. The two smaller programs are actually supplemental to the 201 program. One of these, administered by the Small Business Administration, provides low-interest loans to small businesses for the construction of waste treatment facilities for industrial wastes. The program is authorized under the Federal Water Pollution Control Act Amendments of 1972 (FWPCAA). A second low-interest loan program, Water and Waste Disposal Systems for Rural Communities, is administered by the Farmers Home Administration (FmHA). This program, mentioned previously, assists rural communities in meeting the 25 percent local share required for funding under the 201 waste treatment facilities grant program.

The municipal water treatment grant program authorized under Section 201 of the FWPCAA represents the largest existing federal commitment to wastewater management, providing authority for $18 billion for construction of waste treatment plants in Fiscal Years (FY) 1973, 1974, and 1975. Because of impoundments, only $9 billion of the original funds were released with $2 billion available in FY 1973, $3 billion in FY 1974, and $4 billion in FY 1975. Of the $9 billion originally released, $393 million has been obligated in Ohio with approximately an additional $89 million available. Of the $9 billion impounded, but released early this year (1975) by President Ford, Ohio's allocation is $497.2 million. However, under a proposed amendment to P.L. 92-500 (introduced by Senator Talmadge of Georgia), and attached to another piece of legislation currently being considered by Congress, Ohio's allocation would have been reduced to $460 million because of a change in the formula used to allocate the construction funds. A compromise apparently has been reached which would authorize an additional $1 billion in construction grant funds. This would mean states which would have gained in the revised allocation of funds will do so, but not to the extent estimated under the formula contained in the original Talmadge amendment. Other states which would have lost funds such as Ohio, will retain their original allocation.

With regard to future funding, it appears that Congress will await the report of the National Commission on Water Quality (NCWQ) before acting on amendments to the

201 construction program.* Amendments currently in Congress deal with, among other things, extending the deadline for 100 percent funding of 208 agencies as well as extending the 1977 deadline for municipalities to meet secondary treatment requirements, on a case-by-case basis.

The only clue so far as to what the future might hold with regard to the 201 grant program was included in a letter from USEPA Administrator Russell Train to the U.S. Office of Management and Budget (OMB) in late summer which projected a desired funding commitment to the program of $42 billion for the period FY 1978-FY 1983. Further information will have to await the reaction of Congress and the Administration to the NCWQ Report.

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*The National Commission on Water Quality (NCWQ) was established under Section 315 of the Federal Water Pollution Control Act Amendments of 1972 (FWPCAA) to study all aspects and implications of achieving or not achieving the FWPCAA's stated goals.

VI. LOCAL EXPERIENCE

The preceding sections discussed the major characteristics of borrowing methods available to communities and the Miami Conservancy District (MCD). Also discussed was the financing assistance available through the OWDA and FmHA. Using the OEPA Municipal Projects List for Fiscal Year 1976 (See Table II) as a base, this section seeks to illustrate the methods local communities and MCD intend to use in meeting the required 25 percent local share of construction costs (and in some cases, the local share of Step 2 grants as well).

Dayton

On the Steps 2 and 3 Priority List (See Table II), the city of Dayton is scheduled to receive Step 2 funds for the design of improvements to its primary works and the expansion of its digester system. The city is also scheduled to receive Step 3 funds for the construction of an interceptor with a total cost expected to be $400,000. It is expected that for both projects, the local share will come from the city's reserve funds, funds which have accumulated from surplus revenues over the years.

Dayton is also scheduled to receive a planning Step 1 grant to be used for developing a plan for the Dayton Facilities Planning of the FWPCAA, i.e., "Best Available Treatment" (BAT). Under an earlier plan (1973) prepared for the same purpose, it was estimated that such a facility would cost approximately $50 million. Although the City would be inclined to issue general obligation, self-supporting (or revenue supported bonds to finance the local share), it will, when the time comes, consider all alternatives, including the use of OWDA. Either way, Dayton considers itself to have the financial capability to handle the costs attributable to a major new facility. In other words, the financing mechanisms provide enough flexibility to ensure that one method or another will be appropriate.

Miamisburg

The Miamisburg-Sycamore Interceptor project (total cost - $1,280,000) will be financed through OWDA, with a portion repayable from special assessments on benefitted property. In addition, a portion will be repaid from the city's sewer capital fund, accumulating from charges made for connecting to the city system. These charges will provide the city's portion of the cost which includes,

according to city charter, two percent of the costs of assessment projects and cost of intersection; and the costs of serving the city's own benefitted property in the area.

The Miami Conservancy District

Number 26 on the FY 1976 priority list is MCD's Twin Creek Interceptor Project which will tie into the Franklin plant. MCD will utilize the OWDA for financing assistance and will repay the OWDA loan through charges levied against the users of the system. MCD, however, does not charge individual consumers, but rather, as a wholesaler of waste treatment services, charges the user communities and counties. In this case, the users include the counties of Warren and Montgomery, and the communities of Germantown, Carlisle, and Chautauqua.

New Lebanon, Eaton, and New Madison*

All three communities are scheduled to receive Step 2 grants during 1976. In case of Eaton and New Lebanon, the local share will come from the sewer funds of each. In the case of New Madison, which has no sewerage system at the present time, the local share will come from the general funds.

The local share of the Step 3 construction grants in Eaton and New Lebanon will be financed through OWDA; and in New Madison, it is anticipated that the local share will be financed through a loan from Farmers Home Administration (FmHA). Both Eaton and New Lebanon consider OWDA borrowing costs to be less than the costs of issuing their own bonds.

Greene County

The Greater Greene County-Little Miami Sewer District is listed on the Fiscal Year 1976 OEPA Priority List as being eligible for a Step 2 grant for the Sugarcreek Project costing $12 million. The $12 million project (including plant, force mains, and trunk lines) is currently under construction and will serve both Greene and Montgomery

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*The communities of New Lebanon, Eaton, and New Madison are all assisted in their engineering work by the firm of Ralph L. Woolpert Company and the information of their financing plans was provided by Dale Flaherty of that firm.

Counties. Eligible under the Clean Water Restoration Act of 1966, which provided up to 55 percent Federal construction grants, the county will receive 55 percent in Federal funding. The remaining 45 percent local funding has been financed through OWDA and will be payable from revenues. Local service lines associated with the project are being financed through special assessment and revenue bonds.

OWDA was chosen because it is a mechanism assisting cooperation between the two counties on a facility which logically should serve areas in both counties. Further, as the Contract Financing discussion previously noted, use of OWDA would not increase the indebtedness of the participating counties.

Eldorado

Assistance for the local share (approximately $219,000) of the village of Eldorado's Step 3 grant is being requested from FmHA. While other assistance, such as from OWDA, might be available, the debt service on such assistance at the present time (20-25 year loans at approximately eight percent interest) would probably be higher than the community could afford. When annual debt service per residential user exceeds one percent of median family income, FmHA will consider low cost (five percent), long term (40 year) loan assistance.

Xenia

The local share of the construction costs of the Wilberforce interceptor and the Jasper Road interceptor (a total of approximately $535,000) will come from sewer capital improvement funds the city has accumulated. This same method was used for the Shawnee Creek project. The city has issued debt in the past, including self-supporting general obligation bonds for the expansion of its treatment plant and construction of trunk line.

Piqua

The city of Piqua intends to finance the local share of its sewerage treatment plant costs ($1,375,000) through the issuance of self-supporting general obligation bonds. The city considers this to be the cheapest means available, particularly since its bonds are rated Aa by Moody's. The city's borrowing costs in the past have been lower than the Municipal Bond Buyer's 20 Bond Index. The bonds will be retired from industrial user charges and sewer fees.

SUMMARY

The sample of units of local government, counties and the Miami Conservancy District illustrating the alternatives used to finance the local costs of wastewater treatment and related facilities demonstrates the variety of mechanisms used in the Miami Valley. Simply put, some mechanisms are more suitable than others for particular types of agencies and projects.

It is interesting to note that, with the exception of Piqua, and possibly Dayton, no community currently intends to use its own debt financing capabilities. In some cases, it may be cheaper not to; but in other cases, it may be that using local bonding authority even though less expensive, would require raising taxes with or without voter approval. For whatever reason, the fact is that alternative methods are used which avoid the question of voter approval. This is borne out by an analysis of water and sewer issues brought before the voters in each of the five counties. According to interviews with Boards of Elections staff in each county; (and assuming there were indeed opportunities for such actions) there have been no wastewater treatment or related issues brought before the voters in the last five years, or even in the last ten years. Of course, it may be that debt subject to statutory and constitutional limitations was incurred by some communities, but voter approval was not required.

That alternative mechanisms may have been used, however, should not necessarily be construed only to mean that ways in which to avoid voter approval were specifically pursued. It may be that other methods were considered more appropriate, the borrowing costs cheaper, or that a fiscal conservatism dictated using a method preventing the increase of a community's indebtedness.

On the other hand, the defeat of the proposed $5 billion State bond issue in November, 1975, probably has implications for the mechanisms local elected officials tend to use. Although the reasons for its defeat may have also been political, the fact that the bond issue was defeated in a year when approximately 90 percent of all bond issues nationally were defeated means that, to some extent, its defeat was related to opposition to higher taxes and support for fiscally conservative government as well.

The experience of the sample of local communities and counties indicates use of methods which, for whatever reason, avoid dealing with debt and taxation limitations. Although using such methods may appear to avoid accountability to the voters, it should be noted that other

financing methods nevertheless cause increases in the cost of public services, and while referenda, in these cases, do not serve to ensure accountability, there are other vehicles such as injunctions, public hearings, and ultimately elections which provide recourse for citizens.

VII. CONCLUSIONS

The purpose of this review of the financing methods available to municipal corporations, counties, and the Miami Conservancy District was to identify factors which would affect the ability of these public agencies to finance the construction of wastewater and related treatment facilities. For the purposes of this review, these factors included the types of long-term financing methods available to public agencies, the legal implications (this of necessity, required discussion of the revenues used to retire debt) on the use of such methods, the current use levels within those limits, voter reaction to bond issues, federal water pollution control grant programs, and state involvement in the area of water pollution control assistance. Another factor covered in the review was the existence of mechanisms to facilitate multi-jurisdictional wastewater treatment operations.

The review included discussion of general obligation bonding, general obligation revenue or self-supporting bonding, straight revenue bonding, special assessment bonding, and contract financing. In addition, the types of assistance available beyond the Section 201 construction grant assistance program, including assistance through OWDA (resulting in contract financing) and FmHA, were included in the review.

With regard to the types of financing available, there was substantial discussion of the statutory limitations on the amount of bonded indebtedness, and the institutional limitations on the unvoted taxes a community can levy to support the retirement of general obligation bonds. These limitations (which, with regard to the constitutional ten-mill limitation, also apply to general obligation revenue or self-supporting debt) should not be considered entirely as constraints on the financing ability of public agencies. While they may be constraints to the issuance of certain types of bonds, it is important not to lose sight of the fact that they serve to protect taxpayers against unsound fiscal practices. Furthermore, the ten-mill limitation, in particular, has not prevented taxation rates in any taxing jurisdiction from rising far above that amount, demonstrating that public agencies are levying taxes in an amount commensurate with that necessary to provide the services needed and demanded by their constituents. Unvoted millage within the ten-mill limit currently available is probably considered more appropriate for use

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to meet increasing operating expenses than it is for allocation to long-term debt retirement. This is a reasonable conclusion in light of the existence of other financing alternatives not requiring the allocation of tax millage which are at the same time more appropriate to wastewater treatment and related facilities which in many instances may serve only particular areas within a municipal corporation or county.

On the other hand, at the present time, the issuance of general obligation bonds and their retirement is dependent on property tax revenues. This, together with the ten-mill limitation on tax levies and the present opposition by voters to additional tax burdens, does limit the options available to public agencies in considering and choosing what may be the least costly means to finance the debt attributable to the construction of expensive water quality control projects.

The proposed amendment to the Ohio Constitution which would, in effect, eliminate the ten-mill limitation by allowing public agencies to use all available revenues to retire bonded indebtedness would increase the flexibility of the financing system and, as a result, would be highly beneficial. However, a question which must be answered in the on-going analysis necessary before the 208 plan is completed, is whether or not the elimination of the ten-mill limitation would assist all types of public agencies, or whether it might serve to aid primarily municipal corporations which have more sources of revenues available for their use, in particular, municipal income taxes.

There are, of course, ways to make greater property tax revenues available to municipal corporations and counties. First, by increasing the percentage of true value (e.g., assessed valuation) on which taxes are levied from its current 35 percent in most places, the State would increase the amount of revenues available within the ten-mill limitation, and potentially available for the retirement of general obligation bonds. Secondly, the current allocation of the ten-mills could be evaluated and changed if necessary to reflect the current needs of municipal corporations and counties in light of current revenue sources available to each.

As noted earlier in this conclusion, other financing techniques currently available and in many cases more appropriate to long-term financing of wastewater treatment and related facilities are revenue bonding and contract financing. Although revenue bonding is generally not the least costly method available, it is appropriate for projects

with a revenue base, and can, in some cases, be less expensive than other methods.

Contract financing, which in its most common form in Ohio, results in contractual arrangements between OWDA and local public agencies is an extremely important financing method. It facilitates multi-jurisdictional arrangements for the provision of wastewater treatment services. For example, the use of contract financing facilitated the multi-county Sugarcreek project as well as the Franklin project of the Miami Conservancy District. It can be less expensive than if a community issued its own bonds, even though in most cases it is payable from revenues. In some cases OWDA is not used, possibly because a public agency is able to borrow more cheaply on its own or because the terms of the contract with OWDA are too inflexible. In other instances, in which both use of OWDA or the issuance of its own bonds may be too expensive, a community may be able to obtain assistance from FmHA.

If the sample of local government experience is indicative of the region as a whole, there do not appear to be situations in which one kind of financing method or another is unavailable. For this reason, there are two general conclusions of this review. The first is that if the need arises there are appropriate methods available for financing the construction of wastewater facilities. The second conclusion, and one particularly relevant to the regionalization of wastewater treatment and related facilities, is that here again, appropriate financing methods do exist to make such regionalized operations possible.

Municipal corporations, counties and the Miami Conservancy District, with the assistance of their bond counsels, take borrowing costs into consideration in the choice of a financing method. It is difficult to come to definitive conclusions about the costs of borrowing for specific communities or specific projects, without an in-depth analysis of the community or project as well as the money market at the time a financing technique is chosen. At the present time the statutory eight percent interest rate ceiling is generally not a constraint on units of local government in Ohio.

Based on these considerations, it is apparent that flexibility does exist in terms of financing mechanisms available--the choice of a method will ultimately be a function of the specific type and scale of project proposed for implementation as well as the various factors discussed in this report.

APPENDIX A

RATES OF TAXATION-

Darke County
Greene County
Miami County
Montgomery County
Preble County

for the year 1974

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RATES OF TAXATION

OF DARKE COUNTY, OHIO FOR 1974

In pursuance of the law, ROYCE RHOADES, Treasurer, of the County of Darke, State of Ohio, hereby notifies the taxpayers thereof that the rates of taxation for the year 1974 are correctly stated in the following tabe, showing the number of mills levied on each dollar of taxable property in the several townships, school districts and corporations of said county

Number	DISTRICTS	County Levy	Twp. Levy	School Rate	Vocational School Rate	Corp. Rate	Total Rate	Number
1.	Adams Twp. — Bradford E.V.S.D.	3.80	2.70	29.90	2.90		39.30	1
2.	Greenville C.S.D.	3.80	2.70	29.10			35.60	2
3.	Versailles E.V.S.D.	3.80	2.70	29.90	1.58		37.98	3
4.	Bradford Corp.	3.80	.50	29.90	2.90	12.20	49.30	4
5.	Gettysburg Corp.	3.80	.80	29.10		3.70	37.10	5
6.	Allen Twp. — Ansonia L.S.D.	2.80	2.20	36.40	1.58		43.98	6
7.	St. Henry L.S.D.	3.80	2.20	30.20			36.20	7
8.	Miss.-Nwa Valley L.S.D.	3.80	2.30	35.10	1.88		42.68	8
9.	Southwest L.S.D.	3.80	2.20	29.80			35.80	9
10.	Burkettsville Corp.	3.80	.60	30.20		4.90	39.50	10
11.	New Weston Corp.	3.80	.80	36.40	1.58	1.60	43.98	11
12.	Rossburg Corp.	3.80	.80	36.40	1.58	5.40	47.78	12
13.	Brown Twp. — Ansonia L.S.D.	3.80	2.70	36.40	1.58		44.48	13
14.	Mississinawa Valley L.S.D.	3.80	2.70	35.10	1.58		43.18	14
15.	Ansonia Corp.	3.80	1.40	36.40	1.58	11.50	54.68	15
16.	Butler Twp. — Arcanum-Butler L.S.D.	3.80	3.10	29.30	1.58		37.78	16
17.	Tri-Village L.S.D.	3.80	3.10	31.90	1.58		40.38	17
18.	Castine Corp.	3.80	1.30	29.30	1.58	1.30	37.28	18
19.	New Madison Crop.	3.80	1.30	31.90	1.58	8.40	46.98	19
20.	Franklin Twp. — Franklin-Monroe L.S.D.	3.80	2.50	35.60	1.58		44.48	20
21.	Bradford E.V.S.D.	3.80	2.50	29.90	2.90		40.10	21
22.	Newton Twp. L.S.D.	3.80	3.50	34.70	2.90		44.90	22
23.	Greenville C.S.D.	3.80	3.50	29.10			36.40	23
24.	Greenville Twp. — Greenville C.S.D.	3.80	3.00	29.10			35.90	24
25.	Ansonia L.S.D.	3.80	3.00	36.40	1.58		44.78	25
26.	Franklin-Monroe L.S.D.	3.80	3.00	35.60	1.58		43.98	26
27.	Greenville Corp.	3.80	.15	29.10		11.95	45.00	27
28.	Harrison Twp. — Tri-Village L.S.D.	3.80	5.40	31.90	1.58		42.68	28
29.	C. R. Coblentz L.S.D.	3.80	5.40	35.60	1.55		46.28	29
30.	Hollansburg Corp.	3.80	2.90	31.90	1.58	12.40	52.58	30
31.	New Madison Corp.	3.80	2.90	31.90	1.58	8.40	48.58	31
32.	Jackson Twp. — Mississinawa Valley L.S.D.	3.80	2.80	35.10	1.54		43.24	32
33.	Union City Corp.	3.80	.60	35.10	1.58	15.90	56.98	33
34.	Liberty Twp. — Tri-Village L.S.D.	3.80	2.70	31.90	1.58		39.98	34
35.	Greenville C.S.D.	3.80	2.70	29.10			35.60	35
36.	Palestine Corp.	3.80	.80	31.90	1.58	4.90	42.98	36
37.	Mississinawa Twp. — Mississinawa Valley L.S.D.	3.80	2.20	35.10	1.58		42.68	37
38.	Southwest L.S.D.	3.80	3.20	29.80			35.80	38
39.	Monroe Twp. — Franklin-Monroe L.S.D.	3.80	2.60	35.60	1.58		43.58	39
40.	Twin Valley L.S.D.	3.80	2.60	28.40	1.58		36.38	40
41.	Northmont L.S.D.	3.80	2.60	33.00	1.58		40.98	41
42.	Arcanum-Butler L.S.D.	3.80	2.60	29.30	1.58		37.28	42
43.	Pitsburg Corp.	3.80	.70	35.60	1.58	10.80	52.48	43
44.	Neave Twp. — Greenville C.S.D.	3.80	3.00	29.10			35.90	44
45.	Tri-Village L.S.D.	3.80	3.00	31.90	1.58		40.28	45
46.	Arcanum-Butler L.S.D.	3.80	3.00	29.30	1.58		37.68	46
47.	Patterson Twp. — Minster L.S.D.	3.80	2.70	29.80			36.30	47
48.	Ft. Loramie L.S.D.	3.80	2.70	27.10	2.90		36.50	48
49.	Marion L.S.D.	3.80	2.70	31.30			37.80	49
50.	Versailles E.V.S.D.	3.80	2.70	29.90	1.58		37.98	50
51.	Osgood Corp.	3.80	.90	31.30		1.30	37.30	51
52.	Yorkshire Corp.	3.80	.90	29.90	1.58	1.30	37.48	52
53.	Richland Twp. — Ansonia L.S.D.	3.80	3.20	36.40	1.58		44.98	53
54.	Greenville C.S.D.	3.80	3.20	29.10			36.10	54
55.	Versailles E.V.S.D.	3.80	3.20	29.90	1.58		38.48	55
56.	Twin Twp. — Arcanum-Butler L.S.D.	3.80	3.10	29.30	1.58		37.78	56
57.	Twin Valley L.S.D.	3.80	3.10	28.40	1.58		36.88	57
58.	Franklin-Monroe L.S.D.	3.80	3.10	35.60	1.58		44.08	58
59.	Arcanum Corp.	3.80	.50	29.30	1.58	9.30	44.28	59
60.	Gordon Corp.	3.80	.50	29.30	1.58	6.10	41.28	60
61.	Ithaca Corp.	3.80	.50	29.30	1.58	1.60	36.78	61
62.	Van Buren Twp. — Franklin Monroe L.S.D.	3.80	2.10	35.60	1.58		43.08	62
63.	Arcanum-Butler L.S.D.	3.80	2.10	29.30	1.58		36.78	63
64.	Greenville C.S.D.	3.80	2.10	29.10			35.00	64
65.	Wabash Twp. — Versailles E.V.S.D.	3.80	2.00	29.90	1.58		37.28	65
66.	St. Henry L.S.D.	3.80	2.00	30.20			36.00	66
67.	Marion L.S.D.	3.80	2.00	31.30			37.10	67
68.	Ansonia L.S.D.	3.80	2.00	36.40	1.58		43.78	68
69.	North Star Corp.	3.80	1.00	29.90	1.58	1.30	37.48	69
70.	Washington Twp. — Greenville C.S.D.	3.80	3.00	29.10			35.90	70
71.	Mississinawa Valley L.S.D.	3.80	3.00	35.10	1.58		43.48	71
72.	Tri-Village L.S.D.	3.80	3.00	31.90	1.58		40.28	72
73.	Wayne Twp. — Versailles E.V.S.D.	3.80	2.50	29.90	1.58		37.78	73
74.	Bradford E.V.S.D.	3.80	2.50	29.90	2.90		39.10	74
75.	Russia L.S.D.	3.80	2.50	42.30	2.90		51.50	75
76.	Versailles Corp.	3.80	.50	29.90	1.58	4.70	40.48	76
77.	York Twp. — Ansonia L.S.D.	3.80	2.70	36.40	1.58		44.48	77
78.	Versailles E.V.S.D.	3.80	2.70	29.90	1.58		37.98	78

In writing for taxes, self addressed and stamped envelope must accompany request if answer is expected.

OFFICE HOURS — From 8 A.M. to 4 P.M., Eastern Standard Time. Closed Saturday. Office closes on all legal holidays.

ROYCE RHOADES
Treasurer of Darke County, Ohio

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RATES OF TAXATION

In pursuance of law, Sec. 323.08 Ohio Revised Code, I, J. A. Finney, Jr., Treasurer of Greene County, Ohio, do hereby give notice that the number of mills levied on each dollar of property listed for taxation within said county for the year 1974, as follows:

Number	NAME OF TAXING DISTRICT	County Purposes				School Purposes						Township Purposes					Corporation Purposes					Total Tax Rate	Number
		General Fund	Bond Retirement	Other Funds	Total Tax County	General Fund	Bond Retirement	Total Tax Local School	JVS General Fund	JVS Bond Retirem't	Total Tax JVS	General Fund	Road Fund	Fire Equipment or Other	Health Levy	Total Tax Twp.	General Fund	Bond Retirement	Lights & Others	Health Levy	Total Tax Corp.		
1.	BATH TWP. — FAIRBORN CITY S.D.	2.70	.07	4.53	7.30	29.80	4.80	34.60	1.20	.20	1.40	.40	2.50	3.70	.30	6.90						50.20	1
2.	Fairborn City	2.70	.07	4.53	7.30	29.80	4.80	34.60	1.20	.20	1.40	.40				.40	6.70	2.20	1.50	.30	10.70	54.40	2
3.	BEAVERCREEK TWP. L.S.D.	2.70	.07	4.53	7.30	27.60	2.90	30.50	1.20	.20	1.40	.50	2.20	1.80	.30	4.80						44.60	3
4.	Xenia City S.D.	2.70	.07	4.53	7.30	30.20	3.60	33.80	1.20	.20	1.40	.50	2.20	1.80	.30	4.80						47.30	4
5.	CAESARCREEK TWP. — XENIA CITY S.D.	2.70	.07	4.53	7.30	30.20	3.60	33.80	1.20	.20	1.40	1.20	1.90	.70	.30	4.10						46.60	5
6.	Greeneview L.S.D.	2.70	.07	4.53	7.30	22.05	1.45	23.50	1.20	.20	1.40	1.20	1.90	.70	.30	4.10						36.50	6
7.	Wilmington City S.D.	2.70	.07	4.53	7.30	25.00	2.75	27.75	1.85		1.85	1.20	1.90	.70	.30	4.10						41.05	7
8.	CEDARVILLE TWP. — CEDAR CLIFF L.S.D.	2.70	.07	4.53	7.30	27.30	2.60	29.90	1.20	.20	1.40	1.05	1.45	.90	.30	3.70						42.30	8
9.	Greeneview L.S.D.	2.70	.07	4.53	7.30	22.05	1.45	23.50	1.20	.20	1.40	1.05	1.45	.90	.30	3.70						35.50	9
10.	Southeastern L.S.D.	2.70	.07	4.53	7.30	28.70	4.00	32.70	1.50		1.50	1.05	1.45	.90	.30	3.70						45.20	10
11.	Xenia City S.D.	2.70	.07	4.53	7.30	30.20	3.60	33.80	1.20	.20	1.40	1.05	1.45	.90	.30	3.70						46.20	11
12.	Cedarville Village	2.70	.07	4.53	7.30	27.30	2.60	29.90	1.20	.20	1.40	1.05		.90		1.95	4.75	4.60	.30	.30	9.95	50.10	12
13.	JEFFERSON TWP. — GREENEVIEW L.S.D.	2.70	.07	4.53	7.30	22.05	1.45	23.50	1.20	.20	1.40	1.20	.90	1.00	.30	3.40						35.60	13
14.	Wilmington City S.D.	2.70	.07	4.53	7.30	25.00	2.75	27.75	1.85		1.85	1.20	.90	1.00	.30	3.40						40.10	14
15.	Bowersville Village	2.70	.07	4.53	7.30	22.05	1.45	23.50	1.20	.20	1.40	1.20		1.00		2.20	8.40		1.80	.30	10.50	44.50	15
16.	MIAMI TWP. — YELLOW SPRINGS EX. VIL. S.D.	2.70	.07	4.53	7.30	41.90	6.00	47.90	1.20	.20	1.40	.60	1.50	1.90	.30	4.30						60.50	16
17.	Cedar-Cliff L.S.D.	2.70	.07	4.53	7.30	27.30	2.60	29.90	1.20	.20	1.40	.60	1.50	1.90	.30	4.30						42.90	17
18.	Clifton Village	2.70	.07	4.53	7.30	27.30	2.60	29.90	1.20	.20	1.40	.60		1.90		2.50	7.30			.30	7.60	48.70	18
19.	Yellow Springs Village	2.70	.07	4.53	7.30	41.90	6.00	47.90	1.20	.20	1.40	.60		1.90		2.50	3.70		.30	.30	4.30	63.40	19
20.	NEW JASPER TWP. — XENIA CITY S.D.	2.70	.07	4.53	7.30	30.20	3.60	33.80	1.20	.20	1.40	1.70	1.40	2.90	.30	6.30						48.80	20
21.	Greeneview L.S.D.	2.70	.07	4.53	7.30	22.05	1.45	23.50	1.20	.20	1.40	1.70	1.40	2.90	.30	6.30						38.50	21
22.	ROSS TWP. — GREENEVIEW L.S.D.	2.70	.07	4.53	7.30	22.05	1.45	23.50	1.20	.20	1.40	.60	1.60		.30	2.50						34.70	22
23.	Cedar-Cliff L.S.D.	2.70	.07	4.53	7.30	27.30	2.60	29.90	1.20	.20	1.40	.60	1.60		.30	2.50						41.10	23
24.	Southeastern L.S.D.	2.70	.07	4.53	7.30	28.70	4.00	32.70	1.50		1.50	.60	1.60		.30	2.50						44.00	24
5.	Jamestown Village	2.70	.07	4.53	7.30	22.05	1.45	23.50	1.20	.20	1.40	.60				.60	4.00		3.00	.30	7.30	40.10	25
26.	SILVERCREEK TWP. — GREENEVIEW L.S.D.	2.70	.07	4.53	7.30	22.05	1.45	23.50	1.20	.20	1.40	1.35	2.00	.75	.30	4.40						36.60	26
27.	Jamestown Village	2.70	.07	4.53	7.30	22.05	1.45	23.50	1.20	.20	1.40	1.35		.75		2.10	4.00		3.00	.30	7.30	41.60	27
28.	SPRING VALLEY TWP. — XENIA CITY S.D.	2.70	.07	4.53	7.30	30.20	3.60	33.80	1.20	.20	1.40	.60	1.90	2.40	.30	5.20						47.70	28
29.	Clinton-Massie S.D.	2.70	.07	4.53	7.30	25.90	3.55	29.45	1.85		1.85	.60	1.90	2.40	.30	5.20						43.80	29
30.	Wayne Twp. — L.S.D.	2.70	.07	4.53	7.30	27.60	4.30	31.90	5.30		5.30	.60	1.90	2.40	.30	5.20						49.70	30
31.	Spring Valley Village	2.70	.07	4.53	7.30	30.20	3.60	33.80	1.20	.20	1.40	.60		2.40		3.00	8.60		1.10	.30	10.00	55.10	31
32.	SUGARCREEK TWP. — L.S.D.	2.70	.07	4.53	7.30	25.50	6.50	32.00	1.20	.20	1.40	.60	2.10	4.90	.30	7.90						48.60	32
33.	Beavercreek L.S.D.	2.70	.07	4.53	7.30	27.60	2.90	30.50	1.20	.20	1.40	.60	2.10	4.90	.30	7.90						47.10	33
34.	Wayne Twp. — L.S.D.	2.70	.07	4.53	7.30	27.60	4.30	31.90	5.30		5.30	.60	2.10	4.90	.30	7.90						52.40	34
35.	Bellbrook Village	2.70	.07	4.53	7.30	25.50	6.50	32.00	1.20	.20	1.40	.60		2.90		3.50	3.40		2.40	.30	6.10	50.30	35
36.	XENIA TWP. — XENIA CITY S.D.	2.70	.07	4.53	7.30	30.20	3.60	33.80	1.20	.20	1.40	.60	3.20	1.40	.30	5.50						48.60	36
37.	Cedar-Cliff L.S.D.	2.70	.07	4.53	7.30	27.30	2.60	29.90	1.20	.20	1.40	.60	3.20	1.40	.30	5.50						44.10	37
38.	Fairborn City S.D.	2.70	.07	4.53	7.30	29.80	4.80	34.60	1.20	.20	1.40	.60	3.20	1.40	.30	5.50						48.60	38
39.	Yellow Springs Ex. Vil. S.D.	2.70	.07	4.53	7.30	41.90	6.00	47.90	1.20	.20	1.40	.60	3.20	1.40	.30	5.50						62.10	39
40.	XENIA CITY	2.70	.07	4.53	7.30	30.20	3.60	33.80	1.20	.20	1.40						6.00	.20	.60	.30	7.10	49.60	40

County Rate: General Fund 2.01; Note Retirement . 69; Bond Retirement, Hospital Bonds .07; Other Funds: Hospital Operating .52; Bridge .65; Library .35; Children Services .52; Tuberculosis Fund .23; Mental Retardation .26; Community Mental Health Retardation 2.00 (Total 7.30).

Real Estate Stands Charged on the County Treasurer's books in the name of the owner on January 1, 1974. Property purchased after this date will not appear on the tax books in the new name until records are received for the tax year of 1975.

J. A. Finney, Jr., Treasurer of Greene County, Ohio

MIAMI COUNTY

RATES OF TAXATION FOR YEAR 1974

In pursuance of law, I, Dale E. Davis, Treasurer of Miami County, Ohio, do hereby give notice that the number of mills levied on each dollar of valuation in the General Tax Duplicate within said county for the year is as follows.

COUNTY RATES FOR ALL PURPOSES

General Fund	2.40 Mills	Riverside School (Voted)	.20 Mills
Special Bridge Levy (Voted)	.80 Mills	Tri-County Mental Health (Voted)	.40 Mills
Dettmer Hospital (Voted)	.50 Mills	Park Levy	.50 Mills
Conservancy	.10 Mills	Total County Levy	4.90

		County Levy	Township Levy	School Levy	Joint Vocational School	Municipal Levy	Total Rate	
1	BETHEL TOWNSHIP	4.90	3.50	37.90	1.60		47.90	1
2	Miami East SD	4.90	3.50	31.30	1.60		41.30	2
3	New Carlisle-Bethel SD	4.90	3.50	31.60	1.50		41.50	3
4	BROWN TWP-Miami East SD	4.90	1.80	31.30	1.60		39.60	4
5	Fletcher Corp.	4.90	.80	31.30	.60	2.70	41.30	5
6	CONCORD TWP-Troy SD	4.90	1.80	34.50	2.90		44.10	6
7	Newton SD	4.90	1.80	34.70	2.90		44.30	7
8	TROY CORPORATION	4.90		34.50	2.90	3.20	45.50	8
9	ELIZABETH TWP-Miami East SD	4.90	1.50	31.30	1.60		39.30	9
10	LOSTCREEK TWP-Miami East SD	4.90	1.50	31.30	1.60		39.30	10
11	Casstown Corp	4.90	.80	31.30	1.60	3.40	42.00	11
12	MONROE TWP-Tipp City SD	4.90	2.30	37.80	1.60		46.60	12
13	Milton-Union SD	4.90	2.30	34.60	1.60		43.40	13
14	Troy SD	4.90	2.30	34.50	2.90		44.60	14
15	TIPP CITY CORPORATION	4.90	1.20	37.80	1.60	1.40	46.90	15
16	NEWBERRY TWP-Bradford SD	4.90	2.40	29.90	2.90		40.10	16
17	Covington SD	4.90	2.40	37.40	2.90		47.60	17
18	Bradford Corp.	4.90	1.00	29.90	2.90	12.20	50.90	18
19	Covington Corp.	4.90	1.00	37.40	2.90	8.70	54.90	19
20	NEWTON TOWNSHIP	4.90	3.20	34.70	2.90		45.70	20
21	Bradford SD	4.90	3.20	29.90	2.90		40.90	21
22	Covington SD	4.90	3.20	37.40	2.90		48.40	22
23	Franklin-Monroe SD	4.90	3.20	35.60	1.60		45.30	23
24	Milton-Union SD	4.90	3.20	34.60	1.60		44.30	24
25	Troy SD	4.90	3.20	34.50	2.90		45.50	25
26	Pleasant Hill Corp.	4.90	1.90	34.70	2.90	5.10	49.50	26
27	SPRINGCREEK TWP-Piqua SD	4.90	1.50	27.90	2.90		37.20	27
28	Miami East SD	4.90	1.50	31.30	1.60		39.30	28
30	STAUNTON TWP-Miami East SD	4.90	1.50	31.30	1.60		39.30	30
31	Troy SD	4.90	1.50	34.50	2.90		43.80	31
32	UNION TWP-Milton-Union SD	4.90	5.80	34.60	1.60		46.90	32
33	Newton SD	4.90	5.80	34.70	2.90		48.30	33
34	Northmont SD	4.90	5.80	33.00	1.60		45.30	34
35	Troy SD	4.90	5.80	34.50	2.90		48.10	35
36	Laura Corp.	4.90	2.00	34.60	1.60	3.40	46.50	36
37	Ludlow Falls Corp.	4.90	2.00	34.60	1.60	3.40	46.50	37
38	Potsdam Corp.	4.90	2.00	34.60	1.60	3.40	46.50	38
39	West Milton Corp.	4.90	2.00	34.60	1.60	6.60	49.70	39
40	WASHINGTON TWP-Piqua SD	4.90	2.00	27.90	2.90		37.70	40
41	Covington SD	4.90	2.00	37.40	2.90		47.20	41
43	Troy SD	4.90	2.00	34.50	2.90		44.30	43
44	PIQUA CORPORATION	4.90		27.90	2.90	5.40	41.10	44

Real estate is charged on the County Treasurers tax duplicate in the name of the owner as of January 1, 1974. Property acquired after this date will not appear under the new name on the tax duplicate until the 1975 tax list is prepared.

A State imposed penalty of ten (10) per cent will be added if taxes are not paid by the closing date clearly printed on your tax statement.

It is the taxpayers responsibility to inform the County Treasurer of a change of address for mailing tax statements.

Office hours: 8 A.M. to 4 P.M. Monday thru Friday. PAY TAXES ON TIME AND AVOID PENALTY.

TROY, OHIO **Dale E. Davis, Treasurer of Miami County**

March 21, 28, April 4, 11

PLEASE POST

Notice to Taxpayers

OF MONTGOMERY COUNTY, OHIO

Rates of Taxation for 1974

In pursurance of Law, I, JOE SHUMP, Treasurer of Montgomery County, Ohio, do hereby give notice that the number of mills levied on each dollar of property listed for taxation within said county on the General Tax List and General Duplicate for the year 1974 as follows:

FOR COUNTY PURPOSES: General Fund 1.70 Mills; Hospitalization of Indigent Sick .92 Mills; Children's Service 1.53 Mills; Mentally Retarded .47 Mills; Conservancy Tax .03 Mills; Montgomery County Community College .92 Mills; Montgomery County Park District .28 Mills; Community Mental Health & Mentally Retarded 1.17 Mills:

TAX LEVIES FOR LOCAL PURPOSES

No.	TOWNSHIPS SCHOOL DISTRICTS CORPORATIONS	COUNTY	JOINT VOCATIONAL SCHOOL	TOWNSHIP	CORPORATION	SCHOOL	TOTAL TAX RATES	No.
		Mills	Mills	Mills	Mills	Mills	Mills	
1.	BUTLER TOWNSHIP—JVS	7.02	1.58	4.54		34.23	47.37	1.
2.	Vandalia Corporation—JVS	7.02	1.58		4.14	34.23	46.97	2.
3.	CLAY TOWNSHIP							3.
4.	Brookville Local School District—JVS	7.02	1.58	1.98		28.35	38.93	4.
5.	Brookville Corporation—JVS	7.02	1.58	.96	1.39	28.35	39.21	5.
6.	Northmont Local School District—JVS	7.02	1.58	1.98		33.00	43.58	6.
7.	Clayton Corporation—JVS	7.02	1.58	.96	3.46	33.00	46.02	7.
8.	Phillipsburg Corporation—JVS	7.02	1.58	.96	5.82	33.00	48.38	8.
9.	Twin Valley Loc. School Dist. (Preble Co.)—JVS	7.02	1.58	1.98		28.40	38.98	9.
10.	Verona Corporation (Preble Co.)—JVS			.96	6.20	28.40	44.16	10.
11.	GERMAN TOWNSHIP							11.
12.	Germantown Corporation—JVS	7.02	1.58	2.11	3.71	28.85	43.27	12.
13.	Valley View Local School District—JVS	.02	1.58	3.63		28.85	41.08	13.
14.	Preble Shawnee School Dist. (Preble Co.)—JVS	7.02	1.58	3.63		28.50	40.73	14.
15.	Jefferson Township Local School District—JVS	7.02	1.58	3.63		36.45	48.68	15.
16.	Miamisburg City School District—JVS	7.02	1.58	3.63		27.67	39.90	16.
17.	HARRISON TOWNSHIP							17.
18.	Dayton City School District	7.02		2.75		39.02	48.79	18.
19.	Northridge Local School District—JVS	7.02	1.58	2.75		29.65	41.00	19.
20.	JACKSON TOWNSHIP—Valley View Local School Dist.—JVS	7.02	1.58	3.65		28.85	41.10	20.
21.	Farmersville Corporation—JVS	7.02	1.58	1.72	7.09	28.85	46.26	21.
22.	New Lebanon Corporation—JVS	7.02	1.58	1.08	2.32	27.50	39.50	22.
23.	New Lebanon Local School Dist.—JVS	7.02	1.58	3.01		27.50	39.11	23.
24.	Preble Shawnee Local School Dist.—JVS	7.02	1.58	3.65		28.50	40.75	24.
25.	JEFFERSON TOWNSHIP—JVS	7.02	1.58	8.23		36.45	53.28	25.
26.	Trotwood-Madison City School Dist.—JVS	7.02	1.58	8.23		32.75	49.58	26.
27.	Dayton City School Distric	7.02		8.23		39.02	54.27	27.
28.	Valley View Local School District—JVS	7.02	1.58	8.23		28.85	45.68	28.
29.	New Lebanon Local School District—JVS	7.02	1.58	8.23		27.50	44.33	29.
30.	MADISON TOWNSHIP—JVS	7.02	1.58	4.89		32.75	46.24	30.
31.	Trotwood Corporation—JVS	7.02	1.58	1.94	3.42	32.75	46.71	31.
32.	Brookville Local School District—JVS	7.02	1.58	4.89		28.35	41.84	32.
33.	Northmont Local School District—JVS	7.02	1.58	4.89		33.00	46.49	33.
34.	Dayton City School District	7.02		4.89		39.02	50.93	34.
35.	New Lebanon Local School District—JVS	7.02	1.58	4.89		27.50	40.99	35.
36.	MAD RIVER TOWNSHIP	7.02		3.60		30.10	40.72	36.
37.	Riverside Corporation	7.02		1.55	1.26	30.10	39.93	37.
38.	Dayton City School District	7.02		3.60		39.02	49.64	38.
39.	Wayne Township Local School District—JVS	7.02	1.58	3.60		32.73	44.93	39.
40.	Fairborn City School Dist. (Greene Co.)—JVS	7.02		3.60		36.00	46.62	40.
41.	Beavercreek Loc. Sch. Dist. (Greene Co.)—JVS	7.02		3.60		31.90	42.52	41.
42.	MORAINE CORP.—Kettering City School District	7.02			2.50	32.17	41.69	42.
43.	West Carrollton City School District—JVS	7.02	1.58		2.50	35.71	46.81	43.
44.	MIAMI TWP.—Miamisburg City Sch. Dist.—JVS	7.02	1.58	5.50		27.67	41.77	44-1
44-1	Miamisburg Corporation—JVS	7.02	1.58	.20	4.80	27.67	41.27	45.
45.	West Carrollton City School Dist.—JVS	7.02	1.58	5.50		35.71	49.81	46.
46.	West Carrollton Corporation—JVS	7.02	1.58		3.10	35.71	47.41	47.
47.	Valley View Local School Dist.—JVS	7.02	1.58	5.50		28.85	42.95	48.
48.	Carlisle School District (Warren Co.)—JVS	7.02	1.58	5.50		38.15	52.25	49.
49.	Carlisle Corporation (Warren Co.)—JVS	7.02	1.58	.20	5.80	38.15	52.75	50.
50.	PERRY TOWNSHIP—New Lebanon Corp.—JVS	7.02	1.58	1.97	2.32	27.50	40.39	51.
51.	New Lebanon Local School Dist.—JVS	7.02	1.58	2.77		27.50	38.87	52.
52.	Brookville Corporation—JVS	7.02	1.58	1.97	1.30	28.35	40.22	53.
53.	Brookville Local School District—JVS	7.02	1.58	2.77		28.35	39.72	54.
54.	RANDOLPH TOWNSHIP							55.
55.	Englewood Corporation—JVS	7.02	1.58	1.72	5.58	33.00	48.90	56.
56.	Union Corporation—JVS	7.02	1.58	1.72	5.07	33.00	48.39	57.
57.	Northmont Local School District—JVS	7.02	1.58	5.84		33.00	47.44	58.
58.	Clayton Corporation—JVS	7.02	1.58	1.72	3.46	33.00	46.78	59.
59.	Trotwood-Madison City School Dist.—JVS	7.02	1.58	5.84		32.75	47.19	60.
60.	Brookville Local School District—JVS	7.02	1.58	5.84		28.35	42.79	61.
61.	KETTERING CORPORATION	7.02			6.78	32.17	45.97	62.
62.	Beavercreek Loc. Sch. Dist. (Greene Co.)—JVS	7.02			6.78	31.90	45.70	64.
63.	WASHINGTON TOWNSHIP—Centerville City Sch. Dist.	7.02		6.17		36.60	49.79	65.
64.	Centerville Corporation	7.02		2.98	3.11	36.60	49.71	67.
65.	WAYNE TOWNSHIP—JVS	7.02	1.58	5.91		32.73	47.24	68.
67.	OAKWOOD CORPORATION	7.02			11.46*	39.03	57.51	70.
68.	DAYTON CORPORATION	7.02			10.98*	39.02	57.02	71.
70.	Northridge Local School District—JVS	7.02	1.58		8.76*	29.65	47.01	72.
71.	Mad River Local School District	7.02			8.66*	30.10	45.78	72-1
72.	Trotwood-Madison City Sch. Dist.—JVS	7.02	1.58		9.26*	32.75	50.61	72-2
72-1	Fairborn City School District	7.02			10.98*	36.00	54.00	72-3
72-2	Jefferson Twp. Local School District—JVS	7.02	1.58		8.86*	36.45	53.91	72-4
72-3								72-5
72-4								
72-5								

NOTE: * Includes .98 Mills Voted Oct. 1, 1971 for Miami Valley Regional Transit Authority.

RATES OF TAXATION OF PREBLE COUNTY, OHIO

FOR THE YEAR 1974

In pursuance of the law, I, James F. Geeting, Treasurer of Preble County, Ohio, do hereby give notice that the number of mills levied on each Dollar of Property listed for taxation within said county for the year 1974, are as follows
$ .30, Bond, outside; $ .50, Child Welfare; $ .50, Health. Mental Levy 1.00
For County, Township, School and Municipal Purposes see Table below:

TAXING DISTRICTS	Co. Levies			Twp. Levies				School Levies							Municipal Levies						
	10 M Limit			10 M Limit				10 M Limit		Outside 10 M					10 M Limit		Outside 10 M				
	General	Outside 10 M	TOTAL COUNTY	General	Road & Bridge	Outside 10 M	TOTAL TOWNSHIP	General	Bond Retirement	Building Bond	Joint Voc. School	General By Vote	Bond Retirement	TOTAL SCHOOL	General	Bond Retirement	General By Vote	Bond Retirement	General By Vote	TOTAL MUNICIPAL	GRAND TOTAL
DIXON TOWNSHIP																					
Eaton City S.D.	2.80	2.30	5.10	1.50	.40	1.00	2.90	3.40			1.58	30.80	2.00	37.78							45.78
GASPER TOWNSHIP																					
Eaton City S.D.	2.80	2.30	5.10	1.40	.30		1.70	3.40			1.58	30.80	2.00	37.78							44.58
Preble Shawnee	2.80	2.30	5.10	1.40	.30		1.70	5.50			1.58	22.00	1.00	30.08							36.88
Twin Valley S.D.	2.80	2.30	5.10	1.40	.30		1.70	4.40			1.58	23.00	1.00	29.98							36.78
GRATIS TOWNSHIP																					
Edgewood S.D.	2.80	2.30	5.10	.40	1.20	1.40	3.00	4.84			1.89	18.02	4.45	29.20							37.30
Gratis Village	2.80	2.30	5.10	.40		.70	1.10	5.50			1.58	22.00	1.00	30.08	1.30		1.90			3.20	39.48
Preble Shawnee	2.80	2.30	5.10	.40	1.20	1.40	3.00	5.50			1.58	22.00	1.00	30.08							38.18
Twin Valley S.D.	2.80	2.30	5.10	.40	1.20	1.40	3.00	4.40			1.58	23.00	1.00	29.98							38.08
Valley View S.D.	2.80	2.30	5.10	.40	1.20	1.40	3.00	4.46		.80	1.58	19.40	4.19	30.43							38.53
West Elkton Village	2.80	2.30	5.10	.40		.70	1.10	5.50			1.58	22.00	1.00	30.08	1.20		1.50		.90	3.60	39.88
HARRISON TOWNSHIP																					
Brookville S.D.	2.80	2.30	5.10	.40	1.80	1.90	4.10	4.40			1.58	17.95	3.70	27.63							36.83
C. R. Coblentz S.D.	2.80	2.30	5.10	.40	1.80	1.90	4.10	5.00			1.58	24.60	6.00	37.18							46.38
Lewisburg Village	2.80	2.30	5.10	.40		.90	1.30	4.40			1.58	23.00	1.00	29.98	2.40		3.30	1.00		6.70	43.08
Twin Valley S.D.	2.80	2.30	5.10	.40	1.80	1.90	4.10	4.40			1.58	23.00	1.00	29.9.							39.18
Verona Village	2.80	2.30	5.10	.40		.90	1.30	4.40			1.58	23.00	1.00	29.98	2.40		3.80			6.20	42.58
ISRAEL TOWNSHIP																					
College Corner S.D.	2.80	2.30	5.10	.40	1.30		1.70	3.20				20.40	1.70	27.30							34.10
College Corner Village	2.80	2.30	5.10	.40			.40	5.20				20.40	1.70	27.30	1.60		4.90	.70	6.90	14.10	46.90
Eaton City S.D.	2.80	2.30	5.10	.40	1.30		1.70	3.40			1.58	30.80	2.00	37.78							44.58
Preble Shawnee S.D.	2.80	2.30	5.10	.40	1.30		1.70	5.50			1.58	22.00	1.00	30.08							36.88
Talawanda S.D.	2.80	2.30	5.10	.40	1.30		1.70	4.19			1.89	22.81	2.94	31.83							38.63
JACKSON TOWNSHIP																					
C. R. Coblentz S.D.	2.80	2.30	5.10	1.00	1.20	1.00	3.20	5.00			1.58	24.60	6.00	37.18							45.48
JEFFERSON TOWNSHIP																					
C. R. Coblentz S.D.	2.80	2.30	5.10	.40	1.80	.50	2.70	5.00			1.58	24.60	6.00	37.18							44.98
New Paris Village	2.80	2.30	5.10	.40		.50	.90	5.00			1.58	24.60	6.00	37.18	1.80		3.90	2.70		8.40	51.58
LANIER TOWNSHIP																					
Preble Shawnee S.D.	2.80	2.30	5.10	.50	1.20	1.20	2.90	5.50			1.58	22.00	1.00	30.08							38.08
Twin Valley S.D.	2.80	2.30	5.10	.50	1.20	1.20	2.90	4.40			1.58	23.00	1.00	29.98							37.98
West Alexandria Village	2.80	2.20	5.10	.50		.50	1.00	4.40			1.58	23.00	1.00	29.98	1.50		3.70	1.80	2.00	9.00	45.08
MONROE TOWNSHIP																					
C. R. Coblentz S.D.	2.80	2.30	5.10	.40	1.70	1.50	3.60	5.00			1.58	24.60	6.00	37.18							45.88
Eldorado Village	2.80	2.30	5.10	.40		1.50	1.90	5.00			1.58	24.60	6.00	37.18	1.80		2.90			4.70	48.88
West Manchester Village	2.80	2.30	5.10	.40		1.50	1.90	5.00			1.58	24.60	6.00	37.18	1.80		1.90			3.70	47.88
SOMERS TOWNSHIP																					
Camden Village	2.80	2.30	5.10	.40		2.00	2.40	5.50			1.58	22.00	1.00	30.08	1.20		2.80			4.00	41.58
Eaton City S.D.	2.80	2.30	5.10	.40	1.20	2.00	3.60	3.40			1.58	30.80	2.00	37.78							46.48
Preble Shawnee S.D.	2.80	2.30	5.10	.40	1.20	2.00	3.60	5.50			1.58	22.00	1.00	30.08							38.78
Talawanda S.D.	2.80	2.30	5.10	.40	1.20	2.00	3.60	4.19			1.89	22.81	2.94	31.83							40.53
TWIN TOWNSHIP																					
Brookville S.D.	2.80	2.30	5.10	.50	2.30	.50	3.30	4.40			1.58	17.95	3.70	27.63							36.03
Eaton City S.D.	2.80	2.30	5.10	.50	2.30	.50	3.30	3.40			1.58	30.80	2.00	37.78							46.18
Twin Valley S.D.	2.80	2.30	5.10	.50	2.30	.50	3.30	4.40			1.58	23.00	1.00	29.98							38.38
West Alexandria Village	2.80	2.30	5.10	.50		.50	1.00	4.40			1.58	23.00	1.00	29.98	1.50		3.70	1.80	2.00	9.00	45.08
WASHINGTON TOWNSHIP																					
C. R. Coblentz S.D.	2.80	2.30	5.10	1.20	1.00	1.50	3.70	5.00			1.58	24.60	6.00	37.18							45.98
Eaton City S.D.	2.80	2.30	5.10	1.20	1.00	1.50	3.70	3.40			1.58	30.80	2.00	37.78							46.58
EATON CORPORATION	2.80	2.30	5.10					3.40			1.58	30.80	2.00	37.78	3.80		1.80		2.40	8.00	50.88

Taxes on Real Estate for the year 1974 are payable as follows:
FIRST HALF DUE DECEMBER, 1974 — SECOND HALF DUE JUNE, 1975

If you pay at Treasurer's Office, you are kindly requested to bring your tax notice. This will expedite service and eliminate undesired delinquencies to a great extent.

Real Estate stands charged on the County Treasurer's books in the name of owner as of July 1, 1974, Property purchased after this date will not appear in the tax books in the new name until records are received for the tax year 1975.

Be sure you have called for all of your taxes. JAMES F. GEETING, Treasurer of Preble County, Ohio

I hereby certify that the levies as set forth hereon are correct and in accordance with the provisions of the statutes.
IRENE SHOCK, Auditor of Preble County, Ohio

Appendix B

County Budget Commissions

In Ohio the computation of the ten-mill limitation for the taxing subdivision of a county is undertaken annually by the County Budget Commission, whose structure, timetable, and duties are set forth in Ohio Revised Code Chapter 5705, Tax Levy Law, Sections 5705.27 to 5705.37.

By July 15th of every year each taxing subdivision must have adopted a tax budget for the next fiscal year. The contents of this budget are stipulated by Section 5705.29. Generally, the budget is required to estimate and to compare categories of revenues and expenditures and to state what portion of the taxes requested are within and without the ten-mill limitation, which is the maximum amount of unvoted millage that can be levied by all taxing subdivisions on any piece of real estate in the county. The budgets of all taxing subdivisions are then submitted to the County Budget Commission which is, by statute, in session only during the month of August.

By statute the County Budget Commission must have three members, the county auditor, the county treasurer, and the county prosecuting attorney. By petition of the electorate, two additional members may be elected from the county.

The task of the County Budget Commission is to assess each and all budgets from the taxing subdivisions within the county and thence adjust the rates of taxation so that unvoted millage does not exceed ten-mills and fix the amount of taxes, voted and unvoted, to be levied each year. In its work the Commission is guided by Section 5705.31, which sets forth what can be adjusted within the ten-mill limitation shall be approved without the Commission's modification.

Section 5705.34 describes the manner in which the Commission's determination of levies is certified.

> When the budget commission has completed its work it shall certify its action to the taxing authority of each subdivision and other taxing unit within the county, together with an estimate by the county auditor of the rate of each tax necessary to be levied by

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> each taxing authority within its subdivision or taxing unit, and what part thereof is in excess of, and what part within, the ten-mill tax limitation. Each taxing authority by ordinance or resolution shall authorize the necessary tax levies and certify them to the county auditor before the first day of October in each year, or at such later date as is approved by the board of tax appeals...

In this manner, without discussing the statutory rights of appeal to which a taxpayer has recourse, are property taxes presently established in the state of Ohio.

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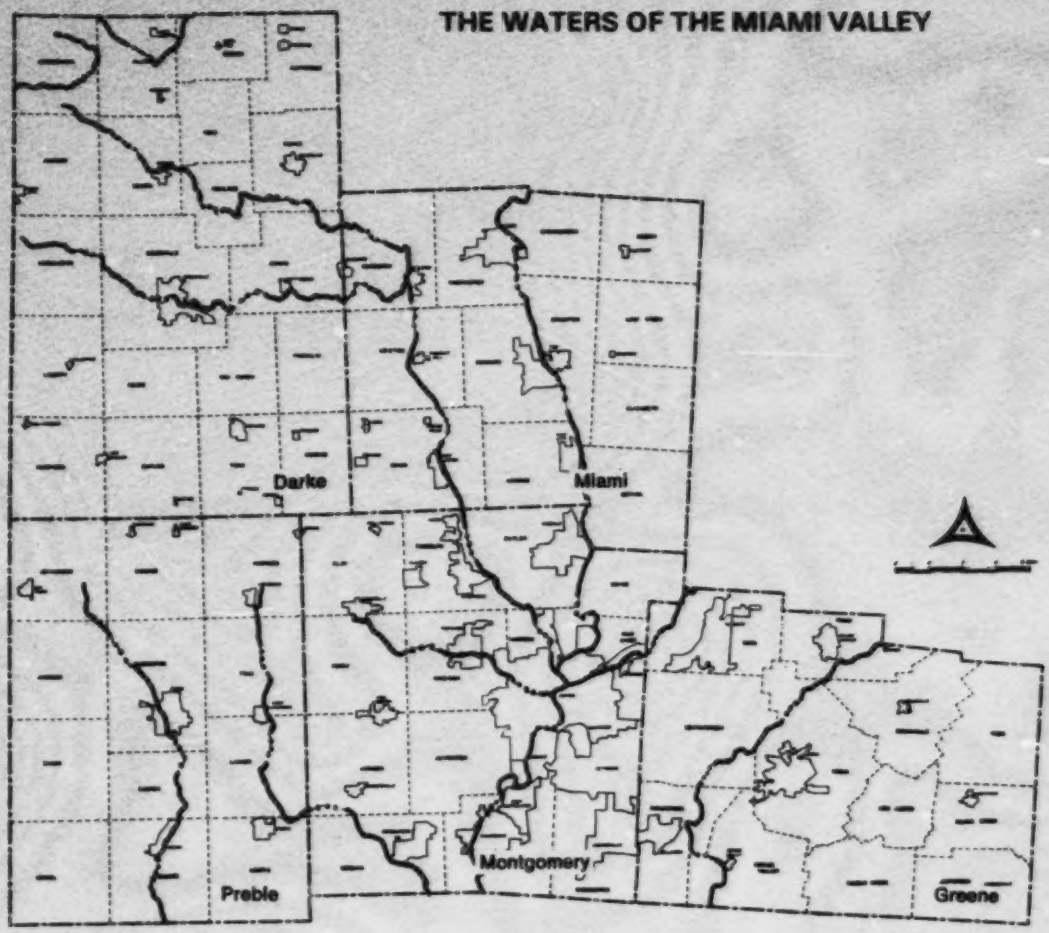
THE WATERS OF THE MIAMI VALLEY



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The MIAMI VALLEY REGIONAL PLANNING COMMISSION

B-54

What is MVRPC?

The Miami Valley Regional Planning Commission (MVRPC) is a voluntary organization created by local governments in 1964 to assist officials and citizens in better understanding common problems and various corrective courses of action. Of high concern, also, is attempting to maximize the use of our natural, fiscal and human resources. Direct service and technical assistance is provided upon request in numerous functional areas. Typical of such services are: data and information related to our Region's goals, policies and priorities.

The members of the Commission are local elected officials; therefore, directly responsible and accountable to the citizens of the region and their various units of government.

Annually, the Commission selects specific issues for investigation and evaluation. After selection, the MVRPC follows procedures allowing for participation, review and comment by representatives of all points of view, all affected levels of government, technical experts, and interested groups and individuals. The Commission then, at public meetings, debates each issue and formulates its position. Commission findings and recommendations are published for consideration by the jurisdictions making up the Commission. Implementation of recommendations only occurs when local units of government officially take action.

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